

£28m subsidy to win £115m Polish ships order

The Government gave a subsidy of £28m to gain the order to build 24 ships for Poland at a cost of £115m, Mr Varley, Secretary of State for Industry, told the Commons yesterday. He said it had warded off disaster for the British shipbuilding industry.

Tories say Britain was 'taken to cleaners'

By Hugh Noyes
Parliamentary Correspondent
Westminster

Mr Varley, Secretary of State for Industry, confirmed in the Commons last night that the Government gave a £28m subsidy to gain the controversial order to build 24 ships for Poland at a cost of £115m.

After weeks of pressure from in and outside Parliament to disclose details, he told MPs that the order had warded off disaster for the British shipbuilding industry but had not yet provided the cure. It was achieved when shipbuilders around the world were fighting to stave off collapse.

A Conservative censure of the Government over the matter, on a motion to reduce Mr Varley's salary by half, was rejected by 295 votes to 245, a government majority of 49.

At the start of the debate on the order, Mr Varley told MPs that the state-owned British Shipbuilders would provide finance to a joint Polish-British company through a £65m loan raised from a consortium of bankers without government guarantee. He said that the Government was not providing public funds but was borrowing on the commercial market.

There was also a guarantee by the Export Credits Guarantee Department, but that was a world-wide practice in such a transaction. It was not more than 70 per cent of the export price.

The arrangement provided for the ships to be sold by British Shipbuilders to a company to be established in Poland, which would be jointly owned by British Shipbuilders and the Polish Shipbuilding Company, PZM. The company would charter the ships to PZM for periods of 13 to 15 years.

As charges and countercharges were made, Mr Varley said that down the line in the night with a carnation in his mouth. Angry Labour charges that the Conservatives were trying to wreck the agreement were met with opposition gibes that the Government was being taken to the cleaners.

Mr Michael Gyles, Tory MP for Surrey, North-west, said it was supreme folly to

Measures to save energy introduced by Mr Benn

By Edward Townsend
Important energy conservation measures covering the next decade, which will cost £321m in the first four years, were announced yesterday by Mr Benn, Secretary of State for Energy.

The Government clearly expects its initiative to encourage private industry and commerce as well as households to increase energy-saving and thus, coupled with the new government plan, could save the nation about £700m a year by the end of the 10 years.

Mr Benn outlined the 11-point programme in the Commons, emphasising that to achieve the potential savings in fuel "will depend in large part on how far the private sector matches the steps we have embarked on in the public sector. Higher energy prices make conservation good sense for everyone."

Among the measures, which will provide new jobs for the building trades, are better insulation for more than two million council houses; better heating systems in schools and colleges; the consideration of new building regulations; discussions with the motor industry to find ways of raising car mileage for each gallon of petrol; and the formation of an energy conservation division within the Department of Energy.

Mr Benn said that the total to be spent in the next four years £166m would be an additional allocation of public money for energy conservation, £33m from the present programme, and £52m would represent reinvestment of funds saved during the first four years.

Present policies, he said, had contributed to energy savings worth an estimated £2,000m over the past four years. The new measures would involve extra public spending of about £55m in 1978-79 rising to more than £80m a year in the next three years.

The Property Services Agency is to increase its spending on the state's civil and defence estates as a cost of £5m a year, with a total of £25m being spent on insulation and heating controls in National Health Service buildings.

Education buildings will get £10m in the coming year, and £20m a year for the next three years for a similar programme; local authorities will get up to £7m a year for energy saving schemes in buildings other than schools, flats and houses.

The council house schemes will cost £23.5m a year for the next four years. This spending will be eligible for government housing subsidies.

Information and advisory services are to be set up and a campaign is to be launched to persuade motorists to maintain their cars and drive them more economically.

Mandatory measures have not been ruled out, such as the possibility of tax increases. The option would be to link car excise licence charges to engine capacity.

Talks have begun with the motor industry on manufacturing more efficient cars. Mr Benn said that the starting point for the discussions was a target of 35 miles a gallon.

Parliamentary report, page 8



Lunch at Windsor: The Queen is flanked by Mr Callaghan and President Giscard d'Estaing at Windsor Castle yesterday when the two statesmen had lunch before beginning their summit meeting at Chequers.

Those talks will continue today, the last day of the French President's visit. Apart from a review of international and European Community topics, the two leaders discussed possible Anglo-French cooperation on a new airliner during their two and a half hour talks. A 150-seat medium range aircraft has been under examination.

The President was met at Heathrow by Mr and Mrs Callaghan and they then flew by helicopter to Windsor Castle for the luncheon. The Queen met them at the main door.

Last night, M Barre, the French Prime Minister, arrived to join the talks and attend a dinner Mr Callaghan gave for

Jockey club elects its first woman members

By Annabel Ferriman
The Jockey Club, an all-male preserve since its foundation in 1752, elected three women members yesterday. The club, which controls racing in Britain, took the decision at its winter meeting in London.

Although it has never had any rule to exclude women, no woman has been proposed and seconded before. The three women chosen are Lady Halifax, Mrs Patricia Hastings and Mrs Helen Johnson Houghton.

Lady Halifax owned until last year the Swynford Paddocks Stud at Newmarket. She is on the management committee of the National Stud, is a past chairman of the Thoroughbred Breeders' Association and was one of the first women to be appointed a local steward.

Mrs Patricia Hastings, a half-sister of Lady Halifax, is a successful breeder, a council member of the Thoroughbred Breeders' Association and a council member of the Racehorse Owners' Association. Mrs Johnson Houghton raised the winners of 241 flat races, including (unofficially) Gilles de Retz, the 1956 winner of the Two Thousand Guineas.

Mr Simon Weatherly, secretary to the Jockey Club, said yesterday that the time was right for the election of women to membership. When Lord Howard de Walden took office as senior steward about 18 months ago he was determined that the question should be considered.

The subject had been debated for the past year. Mr Weatherly thought that now the tradition had been broken other women would be proposed at future elections.

The club's 103 members are responsible for the racing, the stewards to administer and control the rules and discipline of racing. Women will now be eligible for election to those posts.

The Lady Jockeys' Association yesterday welcomed the news as a progressive step.

Women were given the right to hold licences as trainers in 1969, to ride as amateurs on the flat in 1972, and to ride as professionals in 1975. Last April Miss Charlotte Brew became the first woman to ride in the Grand National.

Parliamentary report, page 8

Nato secrets among at least 1,000 'betrayed by Bonn spy ring'

From Patricia Clough
Bonn, Dec 12

Vital and wide-ranging West German and Nato military secrets are believed to have been passed to East Germany in what is regarded as one of the biggest military espionage cases in West German history.

The Defence Ministry confirmed today that more than 1,000 of its top secret documents appear to have been photographed and smuggled to East Berlin.

The documents will have given the Warsaw Pact countries comprehensive information about the structure and state of the West German armed forces, their future plans, their crisis and stand-by arrangements and their own knowledge of the state of the Warsaw Pact forces.

About one-fifth of the documents concern Nato and include evaluations of Nato's secret 'Winter' general staff exercise in 1975. Much concerns Nato logistics including its emergency fuel and documents and regulations on armaments.

The dimensions of the betrayal are laid down in reports to the Defence Ministry by the federal prosecutor's office on the outcome of investigations into the activities of three members of the Defence Ministry staff arrested in July last year.

Details of the reports were published by the *Frankfurter Allgemeine Zeitung* today and were confirmed by the Defence Ministry and the federal prosecutor's office as basically correct.

Dr Kurt Rebmann, the federal prosecutor, said the affair had done more damage from the military point of view than another recent spy scandal, that of Herr Günter Chatterton, personal adviser to Herr Willy Brandt, the former Chancellor. The discovery that Herr Chatterton was an East German agent led to Herr Brandt's resignation and a 13-year sentence for Herr Chatterton.

Dr Rebmann said that "serious things" including state secrets, had been betrayed. He did not elaborate.

The Defence Ministry described the case as "serious" and a spokesman said that according to investigations so far, it "seems to be one of the most serious ever to affect the Bundeswehr (armed forces)".

A special commission has been set up in the Defence Ministry to evaluate the consequences.

Dr Manfred Wörner, the chairman of the parliamentary defence committee, called on Herr Georg Leber, the Defence Minister, to report fully on the case at a specially convened meeting of the committee on Wednesday.

Spokesmen for the opposition Christian Democratic Party described the affair as "unparalleled" and said that if the report was true it should have consequences "in the top ranks of the Government".

The principal figure in the affair appears to be Frau

Continued on page 5, col 1

China may have seen the star of Bethlehem

By Clifford Longley
Religious Affairs
Correspondent

The star of Bethlehem, hitherto known only from the second chapter of St Matthew, has come back to light as a result of a search by Three Wise Men from the West through the pages of ancient Chinese and Korean astronomical records.

They were looking for long-past heavenly happenings in the hope of finding something interesting to observe: they found reports of a sudden bright star just about in the right place at the right time to have been the star of Matthew ii. 2.

The three are astronomers: Mr John Parkinson of the Mullard Space Science Laboratory, Dorking; Mr Richard Stephenson, of Newcastle University; and Mr David Clark, of the Royal Greenwich Observatory. Mr Clark, a New Zealander, has worked at the Anglo-Australian telescope in Australia, and it was his interest in mapping the southern constellations that led them to Chinese and Korean documents.

In a paper in the December edition of the *Quarterly Journal of the Royal Astronomical Society* they explain that Far Eastern astronomers were the best in the world two thousand years ago. If something strange did occur in the sky at that time they would almost certainly have seen it and recorded it.

Some of those records have been translated and republished, and a search of those available produced two positive sightings. In the *Astronomical Treatise of the History of the Former Han Dynasty* (the *Chien-nan-shu*), they found the entry: "Second year of the Chien-ping reign, second month, a hui-hsing appeared at Chien-nan for over 70 days".

As it was apparently stationary it cannot have been a comet, and the period for which it was observed would be typical of a nova, a so-called new star that is in fact a runaway thermonuclear explosion on the surface of a white dwarf in a binary system.

Then on the History of the Three Kingdoms, *Chronicle of Silla* (*Sompuk Sagi*), which comes from the beginning of the Korean recorded history, they found the entry: "Fifty-fourth year of Hyokkose Wang, second

Continued on page 2, col 2

Murder of journalist 'political'

Cairo, Dec 12—All passengers who arrived in Cairo on the same aircraft from Amman in the murdered British journalist Mr David Holden, the chief foreign correspondent of the *Sunday Times*, have been barred from leaving Egypt while police investigate the case, police sources said.

Mr Holden, aged 53, was found dead last Wednesday morning about six hours after arriving from the Jordanian capital. He had been shot in the back.

The sources said that police are working on several theories, but think Mr Holden was murdered for political reasons. Police believe he was taken somewhere else and his body taken to where it was found on the fringe of the desert in Nasr City, a suburb of Cairo. No blood was found where the body was discovered.

The sources said it had been established that Mr Holden arrived at Cairo airport at 11 pm last Tuesday, and left about one and a half hours later. He was found dead at 5 am. Taxis and private cars leaving the airport are checked by police who note the vehicle's number, destination and time of movement.

It has been established that one car left the airport carrying three foreigners, but only two were in it when it arrived at the Hilton Hotel. Police have arrested all drivers who said they were going to the Hilton, but did not show up.—Reuter.

Captain Phillips to leave the Army for farming

Captain Mark Phillips is to leave the Army next spring, Buckingham Palace said yesterday. He will farm at Gatcombe Park, Gloucestershire, which the Queen bought for him and Princess Anne 18 months ago, and which they moved into with their baby son, Peter, three weeks ago.

There is 600 acres of land at Gatcombe Park and a further 600 acres at Aston Farm which adjoins it and which the Queen bought in October.

Mr Ronald Allison, the Queen's press secretary, said: "There are no plans to develop a riding school or stud at Gatcombe Park in the foreseeable future."

The farm manager there will help Captain Phillips farm the mixed farms, which grow wheat and barley and have beef and dairy cattle. Captain Phillips will take a one-year farming course at the Royal Agricultural College, Cirencester, from next October.

Captain Phillips's father said yesterday that he thought his son felt there was not much future for him in the Army. As the husband of Princess Anne, Captain Phillips is virtually barred from such places as Northern Ireland and without front-line experience promotion prospects are limited.

Parliamentary report, page 8

Lady Spencer-Churchill dies suddenly, aged 92

Lady Spencer-Churchill, widow of Sir Winston, died London yesterday. She was 92.

Her grandson, Mr Winston Churchill, MP, said she suffered a heart attack while having lunch with her secretary, Miss Nona Chapman, in a flat in Princes Gate, Hyde Park, where she had lived since Sir Winston died.

Mr Spencer-Churchill said: "Lady Spencer-Churchill died peacefully. The funeral will be private, and a memorial service will be held in the new year."

Buckingham Palace said the Queen had sent a message of condolence to relatives.

Mr Churchill said his grandmother had an operation early in the summer, after spending some weeks in hospital with abdominal trouble. "But she made a remarkable recovery. In recent weeks she had been quite well and strong, and was up and about. She had been looking forward to a drive in Hyde Park yesterday. This was very sudden."

Lady Spencer-Churchill's daughter, Sarah Lady Anson, cancelled a visit to an exhibition of her own paintings in London after hearing the news.

The exhibition opened at a friend's home in St John's Wood. Her friend said: "She broke down on the telephone after telling me not to sell any more copies of the lithograph called 'The Moon Goddess'."

Parliamentary report, page 8

Unilever buying US group for £260m

Unilever has announced that it is pressing ahead with a £260m bid for National Starch and Chemical Corporation, of America, in one of the largest-ever cash deals by a British-based company. Terms of the acquisition have been approved by the board of National Starch.

Page 23

Tories aid ministers

The Conservatives gave the Government an extra half day for discussion of the European Assembly Bill in an attempt to foil the anti-Marketisers of all parties who would like to scrap the Bill.

Page 2

High St sales lagging

Christmas shopping started late this year, with Government figures showing that retail sales fell back last month, in contrast to the usual November boom. There is some evidence, however, that trade in the High Street started to improve during the last week in November.

Page 23

1,500 steel jobs to go

British Steel Corporation has made a significant breakthrough in its plans to close down unprofitable sectors to help reduce annual losses which are exceeding more than £500m. The unions have agreed to the closure of Hartlepool steelworks with the loss of 1,500 jobs.

Page 23

Cadbury can raise price of cocoa by half

By Hugh Clayton

Cadbury is to be allowed to raise the price of cocoa by half even though the company is covered by a freeze imposed by the Price Commission. It is also to charge extra for drinking chocolate, jellies and chocolate biscuits. The company has won the first interim price rises awarded on food since the commission changed its rules and its chairman in the summer.

A pound tin of cocoa will rise from £1.29 to £1.95. The last rise was in July, when it

sold for £1.01, so that its price will have almost doubled in less than six months. Raw materials account for more than two thirds of the cost of cocoa products and have almost quadrupled in price in two years.

A commission official said: "The commission has allowed an overall average weighted increase of 7.42 per cent over the range as originally notified by the company." Some Cadbury products, such as jam, marmalade and Smash instant mash, are not affected.

Belfast MP for rights post

Paris, Dec 12—Mr William Craig, Vanguard MP for Belfast, was today appointed by the 20-nation Council of Europe assembly to draw up a report on extending the European Human Rights Convention.

The legal committee of the assembly unanimously confirmed Mr Craig's appointment despite criticism by newspapers in Northern Ireland and in the Irish Republic.—Reuter.

Greenwood is England's new manager

Mr Ron Greenwood has been appointed manager of England's football team. He succeeds Mr Don Revie on a permanent basis until July 1980. Mr Greenwood, aged 55, formerly general manager of West Ham United, has been England's caretaker-manager for the past four months. He will receive an annual salary of £25,000.

Profile, page 2; Report, page 20

Firemen poised to reject deal

After meetings of regional committees firemen seemed poised to reject the employers' "final" offer as a basis for calling off their strike. Brigades in Hertfordshire and Surrey called for moves to end the strike but regional committees in the North-west, North-east and Scotland rejected the proposed deal. The rest of the firemen's union's 14 regional committees meet today.

Page 2

Unilever buying US group for £260m

Unilever has announced that it is pressing ahead with a £260m bid for National Starch and Chemical Corporation, of America, in one of the largest-ever cash deals by a British-based company. Terms of the acquisition have been approved by the board of National Starch.

Page 23

BELL'S SCOTCH WHISKY

the Scotch
of the year
and
every year
since 1825

ARTHUR BELL & SONS LTD. ESTABLISHED 1825
AND STILL AN INDEPENDENT COMPANY

HOME NEWS

Inquiry into working of the Prevention of Terrorism Act

By Stewart Tonder
Home Affairs Reporter

Mr Rees, the Home Secretary, has capitulated to critics of the Prevention of Terrorism Act, 1974, and agreed to hold an inquiry into the efficiency of the Act and its effects on civil liberties.

Announcing the inquiry yesterday, he made it clear that he has no intention of getting the Act repealed while violence by the Provisional IRA continues. In a Commons written reply Mr Rees said he had promised last March, when the Act was being renewed, as it has to be every 12 months, to consider an examination of it.

He now felt the time was ripe and had appointed Lord Shackleton, the former Labour MP and a member of the House of Lords, to conduct the inquiry. The brief covers not only the mainland but also Northern Ireland, where the question of the use of the Act has become bound up with allegations of police brutality.

It was suggested in some quarters yesterday that the Northern Ireland Office had at one stage resisted the extension of the inquiry to Northern Ireland but had been forced to accept it.

The Home Office and the Northern Ireland Office denied that there had been any difference of opinion over Lord Shackleton's brief.

He will first examine the Act that was rushed through Parliament in the autumn of

Pit swing in favour of incentive schemes

By Ronald Kershaw
Northern Industrial Correspondent

A swing in favour of incentive bonus schemes showed yesterday in coalfields throughout the Midlands and the North despite the national ballot result which had a majority against such schemes.

The most surprising outcome was in North Derbyshire, where the area council decided to seek an area incentive agreement. In the national ballot about 65 per cent of north Derbyshire miners opposed incentives.

At York, where Mr Arthur Scargill, the Yorkshire miners' president, campaigned against incentives, the news was that 4,000 miners at six collieries had decided to seek an incentive scheme. No observations were forthcoming from Mr Scargill's office.

Leaders of the National Union of Mineworkers, at Mansfield, Nottinghamshire, formally requested the introduction of incentive bonus schemes. South Derbyshire and Leicestershire declared in favour of incentives and Staffordshire miners said they wanted to operate individual pit-by-pit incentive schemes.

Durham and Northumberland miners will meet the National Coal Board tomorrow to discuss "the nuts and bolts" of incentive schemes. Work-measurements have started in south Derbyshire, Nottinghamshire and Leicestershire pits, so that retrospective payments may be made to miners.

In Yorkshire, Glasshoughton, Savile, Sharncliffe, Newmillerdam, Lofthouse and Newmarket Silkstone have indicated that they want incentive schemes. Development teams in other Yorkshire pits are yet unnamed, have expressed a desire for bonuses.

Kent action: The Kent area executive of the NUM decided unanimously yesterday to seek a High Court injunction against the national executive over allowing area productivity deals (the Press Association reports).

Scottish miners' delegates yesterday voted 19 to seven in favour of a resolution condemning the national executive.

Man in the news: Ron Greenwood, English football's new leader

Technician of international spirit takes over

By Norman Fox
Football Correspondent

Ron Greenwood, whose appointment as manager of England's football team until 1980 was announced yesterday, was not always an obvious choice. In his 17 years as manager of West Ham United he was respected rather than known.

Fellow managers thought of him as the principal of an educational establishment, and some players, and certainly the press, sometimes felt he was a bit of a stick in the back of the class. He was, most people said, a very technical man.

In the few months that he spent as temporary manager of England until his full appointment yesterday he broke through several barriers, not least that between himself and the press.

On one recent chaotic afternoon at an Italian airport that was bursting with passengers all seemingly on stand-by for London, he finally admitted realizing how much was

involved in the work of the press. From that moment the relationship improved and those of us who listen to his sometimes obscure lectures that begin as press conferences now try to remember that he once said: "Soccer is a simple game but it demands an awful lot of hard work to make it simple."

He is not, and never will be, one of the boys, currying football's ills by courtesy of hotel room service in the early hours after matches. He prefers dry light and green grass. "My happiest moments are sitting on the touchline watching players carry out prearranged tactical moves," he said, but his ideal footballer is a master of basics who improvises like a jazz musician.

At 55 he is late upon the international scene, though in one way he has never been anything but international in spirit, even if his only playing cap was for the England B team. He has travelled to the Continent at every opportunity and there he studies teams that, he says, add a different dimension to the English game.

His own football career was played mostly within the bounds of London. He was born in Burnley and moved to Wembley when he was 10. After joining the RAF he was "discovered" by Chelsea, with whom he became a fairly good centre half with a characteristic eye for construction. Apart from a period at Bradford Park Avenue, he spent the rest of his career at Brentford, Chelsea and Fulham.

His link with West Ham was not formed until 1961, after coaching for the FA, Oxford University, Arsenal and the England under-23 team.

He attempted full-time management at Eastbourne, beginning at the bottom and in a blaze of defeats, but he liked the South Coast and still lives at Brighton.

At West Ham, with a tradition of building on its own products, suited his outlook and, despite the club's limited resources, he took it to victory in the FA Cup of 1964 and the European

Retrial for stuntman over plea bargain

By Craig Seton

A retrial was ordered by the Court of Appeal yesterday for a man serving a sentence of two years and nine months, who was involved in a plea-bargaining case. The court held that after a meeting between his counsel and the judge at his trial the man pleaded guilty under pressure, expecting to gain a non-custodial sentence.

Lord Justice Waller, sitting with Mr Justice Talbot and Mr Justice Mansfield, quashed the conviction and set aside the sentence imposed at a meeting between the man and the judge at his trial. The man pleaded guilty under pressure, expecting to gain a non-custodial sentence.

Lord Justice Waller, sitting with Mr Justice Talbot and Mr Justice Mansfield, quashed the conviction and set aside the sentence imposed at a meeting between the man and the judge at his trial. The man pleaded guilty under pressure, expecting to gain a non-custodial sentence.

Tories help ministers on Euro-Bill

By Fred Emery
Political Editor

The Government's attempt to confer by Christmas the method of election to the European Assembly was resumed in the Commons last night. In a little time before the House rises on Friday for the holiday that the dish should be pressure-cooked by early tomorrow.

At Westminster the betting is still that it will turn out to be traditional fare, with the House substituting the first-past-the-post method for the Bill's exotic recipe: the regional list system of proportional representation.

Lobbies for, delaying tactics against, and other stratagems were in evidence as the debate resumed yesterday evening.

Such was the Conservatives' need to prove their Europeanism that only a few early movers castigated the Government over the Polish ship deal they had contributed to the Government half a day more for discussion, the better to foil the anti-Market strategy of the party who would like to scrap the Bill.

Last night, the Government first had to watch the committee-stage debate continue over clause one of the Bill before Mr Rees, Home Secretary, moved that clause three should be considered before clause two.

Debate was thereupon planned on that motion. Only with its successful passage, not expected before early today, could the Commons debate clause three and amendments to it, at the start of business today.

Clause three provides for electing the British European Assembly members (whose number is specified as 81 in clause two) by the proportional representation system set out in clause four, namely, the regional list system.

However, clause three, section two, would authorize the House, by subsequent resolution, to replace the regional list for the simple majority system in Great Britain, leaving Northern Ireland with its present proportional representation system, the distinct, single transferable vote.

Nine amendments have been tabled so far, variously seeking to alter clause three to make the traditional list mandatory.

The Government, which has recommended the PR system of election by increasing it in the Bill, is like the Conservatives, supposedly permitting a free vote.

The Liberals, for whom PR is a just cause, are hoping that Mr Callaghan has made clear that he will disapprove strongly if any of the hundred odd "payroll" votes of ministers and junior ministers vote against PR.

But there is little confidence anywhere among the PR advocates that it will be carried. On the opposition side, senior Conservatives believe that their members who favour PR will not vote for it.

Mr Heath and Lord Home of the Heral, tried last night to persuade Conservative MPs, against the official party line, that the best way of ensuring that the European direct elections are held on time is to vote in favour of PR in the Commons.

Mr Heath, speaking at a private meeting of MPs, said that, read with the choice of two bad systems of election, "our new task is to maintain our position in Europe as a European party."

That could be done only by supporting the regional list system.

Lord Home said the regional list system had the best chance of meeting the deadline, though the choices were not to his liking.

Most of the speakers, however, favoured the first-past-the-post system.

Collapse of the EEC is predicted

By George Clark
Political Correspondent

Five Tory MPs and five pro-European candidates claiming to speak for a majority of Conservatives, yesterday published a pamphlet rejecting the idea of a European federal super-state and proposing a new kind of European community in which nations would co-operate.

Its author, a leading Conservative anti-Marketeer, is Mr Neil Marten, MP for Banbury. He insisted at a press conference yesterday that he, and others who thought like him, wanted "a new kind of Europe" and believed that Mrs Thatcher was moving towards that view.

"Under the weight of the accession of Greece, Spain, Portugal, and possibly Turkey, the market is likely to collapse," Mr Marten stated in the booklet. "Disillusionment, disruption and bitterness will follow, causing great damage to the much-needed unity within Europe."

He says a break should be made with the now discredited concept of the Treaty of Rome. "It should be revised on the basis of free cooperation between nation states rather than the bureaucratic centralism and federal tendencies which are the hallmark of the Common Market today."

"Membership would then be possible for those countries which cannot join the Common Market for reasons of political neutrality, such as Sweden, Switzerland and Austria, and for Norway, which did not join primarily because of the federal and sovereignty implications."

Mr Marten and his colleagues propose that the European Parliament should be merged with the Council of Europe and that the new assembly should have a "useful consultative role, working in parallel with the council of ministers."

All MPs who had allowed their names to go forward to the Conservative European list of candidates should announce that fact now to their constituents.

Those who cooperated with Mr Marten in preparing the pamphlet included Mr Bell, MP for Beaconsfield; Mr Biffen, MP for Oswestry; Mr Body, MP for Holland with Boston and Mr Clark, MP for Edinburgh, South.

Mr Bell said: "We are only withdrawing from the specific Heath attitude to European cooperation. We have always supported cooperation: it is the supranational element that has stuck in people's throats. We are of the same mind as nine tenths of the Conservative Party on this issue."

Conceding that Mr Marten, MP (22 Fulham High Street, London, SW6; 100 plus postage).

Parliamentary report, page 8
Leading article, page 17

Republican move to deprive priest of prize fails

From Christopher Walker
Dublin

Efforts by hard-line republicans to force Father Michael MacGreal, a Dublin-based Jesuit sociologist, to hand back his share of the £15,000 Christopher Ewart-Biggs Memorial Prize have been defeated.

The annual award, established to encourage Anglo-Irish understanding after last year's murder of the former British Ambassador, was presented jointly to Father MacGreal for his book *Franchise and Tolerance in Ireland*.

Father MacGreal's acceptance of the award infuriated some members of the influential Gaelic League. But a statement issued by the league yesterday disclosed that attempts to force his resignation from the league's national executive had been dropped.

Youth shot dead: The Army was uncommunicative yesterday about the circumstances in which Mr Colin McNair, aged 18, a Roman Catholic from the Craggan estate, was shot dead yesterday in William Street, the Dublin Bogside district of Londonderry.

The Army said only that soldiers had been involved in a shooting and that no details would be issued until a police inquiry had been completed.

Retirement recalls great days of LSE

By Peter Hennessy

There is a certain kind of strong-willed woman in public life who gets her way through a mixture of charm, force and pure terror. The graduate school of the London School of Economics and Political Science has been dominated by such a woman for the past 30 years in the person of Dr Anne Bohm.

Last night the school held a dinner to mark her retirement as secretary of the graduate school at the end of the month. The dinner was a tribute to her great names from the past like Lord Robbins and Sir Roy Allen and the present director, Professor Ralf Dahrendorf, who was the host.

Professor Dahrendorf is just one of many famous men Dr Bohm dangled on her knee metaphorically speaking, during their intellectual adolescence. Others included Mr Pierre Topp, a member of the good life. I did not spot him as a future Prime Minister of Canada."

Professor Daniel Patrick Moynihan, former United States Ambassador to the United Nations, "a brilliant, lively and fairly full of himself, a great friend", and our own Mr Bernard Levin ("Just marvelous at taking off Harold Laski, whom he clearly loved").

Dr Bohm, a refugee from Hitler's Germany, where she took her doctorate in Berlin in 1935, first joined the LSE during its wartime evacuation in Cambridge. She became assistant to the late L. C. Robbins, then dean of the graduate school, and remembers the present patriarch of the radical right, Professor Friedrich von Hayek, striding around the city in his riding breeches between lectures.

The intimacy of the place has passed, she says, impossible to sustain with a graduate population of 1,500. The one-year MSc course, "this thrust for greatness has undermined the old eclecticism, whose passing she regrets."

There is a touch of nostalgia about her during the last weeks in office. She feels she has witnessed the great days of the school, the era of Robbins, Tawney and Rumsell, but she hopes that in the future, though not as a basis for ending the strike.

The firemen's reluctance to accept an offer that gives no more than 10 per cent as an increase in their wages, though not as a basis for ending the strike.

The firemen's reluctance to accept an offer that gives no more than 10 per cent as an increase in their wages, though not as a basis for ending the strike.

Firemen heading for rejection of deal

By Donald Macintyre
Labour Reporter

The Fire Brigades Union appeared last night to be moving towards firm rejection of the local authorities' new pay offer as a basis for ending the firemen's strike. Many of the union's regional committees met yesterday to decide on their response to the offer.

Strikers in Hertfordshire and Surrey met to discuss the offer and the four-week-old stoppage in response to the employers' formula for regulating pay from next year. But of the union's regional committees, which have been asked to report back to the executive, three decided that the offer could not produce a return to work.

The union's executive meets tomorrow to hear the replies from the regions to the employers' proposals, which would link firemen's earnings permanently to those of skilled manual workers from November, 1979.

The north-eastern and the Scottish regional committees decisively rejected the offer, which is conditional on a return to work. The north-western committee also rejected it, with the qualification that the pay formula might be acceptable in future, though not as a basis for ending the strike.

The firemen's reluctance to accept an offer that gives no more than 10 per cent as an increase in their wages, though not as a basis for ending the strike.

The firemen's reluctance to accept an offer that gives no more than 10 per cent as an increase in their wages, though not as a basis for ending the strike.

Housing subsidies 'bring little benefit to worst off'

By Our Planning Reporter

In a rare venture into the political arena, the Royal Town Planning Institute today calls on the Government to phase out housing subsidies. Changes in taxation, allied to increased rent rebates, would lead to greater equalities in public spending, it says.

Commenting on the recent housing policy review, the institute observes that subsidies have increased by 122 per cent in the past six years, compared with a 35 per cent increase in housing investment. The subsidy system is generally regressive, giving substantial benefits to the well-off but very few to the worst-off.

The institute argues that rebates and allowances are denied access to adequate rented housing, since homelessness is a fact.

The institute's rented sector must form part of any debate on housing finance, it says, and its decline must be met by greater diversity in local authority allocation policies.

The institute is speaking after a tour of the London docks, to which the Government has so far committed about £54m for urban renewal up to 1982.

Weather forecast and recordings

NOON TODAY Pressure in mb shown in millions. FRONTS Warm Cold Occluded
Wind direction and force in miles per hour. Clouds in eighths. Rain or snow falling. Fog or mist. Visibility in miles.

NOON TODAY

East Anglia, E. England: Rather cloudy, bright intervals, perhaps a drizzle in places; max temp 11°C (52°F).
W. light; max temp 11°C (52°F).
NW, NE, central N. England, Lake District, Isle of Man, Borders, N. Ireland: Rather cloudy, bright intervals, a little rain or drizzle in places; wind W or NW, light or moderate; max temp 10°C (50°F).
Edinburgh, Dundee, Aberdeen, Moray Firth: Rather cloudy at times, but mostly dry, some sunny intervals; wind W or NW, light or moderate; max temp 10°C (50°F).
SW, NW Scotland, Glasgow, central Highlands, Argyll: Rather cloudy, rain or drizzle at times, becoming drier and brighter; wind W, light or moderate; max temp 9°C (48°F) to 10°C (50°F).
Orkney, Shetland: Mostly dry in S, though with overnight fog, rather cloudy in Scotland and N. Ireland with rain or drizzle in places; mild but becoming colder in S; wind W or NW, light or moderate; max temp 11°C (52°F).
Sea passages: S. North Sea, Strait of Dover, English Channel: rain; S, sun; S, clear.

WEATHER REPORTS YESTERDAY MONDAY: c, cloud; f, fair; r, rain; s, sun; a, sleet.

Algeria 12.5°C, Casablanca 12.5°C, Cologne 12.5°C, London 12.5°C, Madrid 12.5°C, Moscow 12.5°C, New York 12.5°C, Paris 12.5°C, Rome 12.5°C, Tokyo 12.5°C, Washington 12.5°C, Zurich 12.5°C.

Newsagents 'doing their best' despite disruption

By Our Labour Staff

The National Federation of Retail Newsagents said yesterday that its members were "doing their best to provide the traditional high standard of service" in spite of continuing disputes affecting publication of national newspapers.

The federation said that the recent "disruption" at Fleet Street was the result of only the latest of many disputes which had resulted in considerable loss of profits for newsagents.

1. federation added that the effect was most serious for smaller newsagents and those with widespread delivery rounds. "We ask the local reading public to bear with our difficulties in these difficult times."

"Although it is from your newspaper you expect to buy your favourite paper, please do not try to vent your wrath on him when it is not available. It is not his fault."

The federation said that if a publisher started printing late because of industrial action the newspaper often arrived too late to be delivered by news boys and girls who had to finish their rounds in time for school.

Protection urged for 321 threatened plants

Conservationists were urged yesterday to seek to protect 321 wild British plants in danger of extinction.

Scientists from the Government's biological records centre at Monks Wood have spent several years studying the 1,700 vascular or juicy-stemmed plants in Britain.

Dr Frank Perring and Miss Lynne Farrell, of the centre, have compiled the Red Data Book-Plants, published by the Society for the Promotion of Nature Conservation, with the World Wildlife Fund. The Red Data Book-Plants (The Society for the Promotion of Nature Conservation, The Green, Netherfield, Lincs), £2.55.

£250 fine over juror's dismissal

Mr Peter Rooney, a company managing director, who was said to have dismissed an employee because he was called for jury service, was fined £250 by Judge Hayman at Southwark Crown Court, London, yesterday for contempt of court.

The juror, an estimator for Lowthry Electrical Ltd, of Harold Wood, London, complained that he was dismissed for failing to turn up for work.

Accused matron ill

Mrs Helen Messer, the matron of a private nursing home who is due to appear in court next week accused of killing an elderly woman patient, was found unconscious yesterday and taken to hospital.

Pipeman of 1978

Mr Magnus Magnusson has been voted 1978 Pipeman of the year in a poll organized by the British Pipe Trade Association and Tobacco magazine.

Taxi-cab costs to be investigated

Taxi-cab services throughout Britain are being referred to the Price Commission.

The examination, including prices, costs and margins, will cover hackney carriages, cabs, minicabs, and other vehicles used for hire outside London are controlled by local authorities, and private-hire vehicle services, such as minicabs.

Lift strike lingers

The lift engineers' strike may not be over completely, although their union has officially ended the stoppage. Some of the five thousand strikers have decided to continue the strike unofficially.

City loses

Overseas selling prices:
Australia, Sch. 18, 19, 20, 21, 22, 23, 24, 25, 26, 27, 28, 29, 30, 31, 32, 33, 34, 35, 36, 37, 38, 39, 40, 41, 42, 43, 44, 45, 46, 47, 48, 49, 50, 51, 52, 53, 54, 55, 56, 57, 58, 59, 60, 61, 62, 63, 64, 65, 66, 67, 68, 69, 70, 71, 72, 73, 74, 75, 76, 77, 78, 79, 80, 81, 82, 83, 84, 85, 86, 87, 88, 89, 90, 91, 92, 93, 94, 95, 96, 97, 98, 99, 100.

Better
safegua
for nuc
dump

Britain offi
suspended
after a legat

Crash hwy is
awarded £52

Correction

City loses

HOME NEWS

Better fire safeguards for nuclear dump

British Nuclear Fuels will probably take steps to improve fire-detection equipment at its dump for solid low-level contaminated waste at Drigg, Cumbria. The dump is near the company's Windscale works, where a fire on September 25 was extinguished in two hours by the works fire brigade.

Mr Roy Pilling, general manager, said yesterday that monitoring on and off the site had confirmed that no radiological hazard had arisen. Formal investigation into the cause of the fire had not been completed.

Mr John Doran, deputy general manager, said improved fire-detection equipment was being considered. "At present there are infra red detectors across the face of the tip, and we think we can get improved detectors to give early warning." That could be done at slight cost. A report on the matter had not yet been completed.

A press conference was called to discuss issues that had arisen at a recent meeting of the Windscale local liaison committee. The committee meets in private, and its effectiveness as a public watchdog was questioned at the public inquiry into the company's planning application for oxide-reprocessing at Windscale.

The report and recommendation of the inquiry inspector, Mr Justice Fackler, are expected soon. The committee intends to give early consideration to any changes that the report requires in its role.

"It would be appropriate to await publication of the inspector's report before taking any action," it was said. "We are going to anticipate what the inspector is going to say," Mr Pilling said.

Brixton officer suspended after allegations

By Our Home Affairs Reporter

A prison officer at Brixton has been suspended after allegations by a recently released prisoner that drugs, including cannabis and heroin, have been supplied to prisoners.

The officer was suspended last week after the former prisoner had talked to Scotland Yard's drug squad. It is alleged that considerable sums were paid for the deliveries and that staff were offered intercourse with young women who apply the drugs.

Police officers have interviewed staff, prisoners and two young women who met the suspended prison officer at a rendezvous watched by the police.

Brixton is a centre for prisoners on remand awaiting trial at courts in London.

Crash boy is awarded £52,500

Michael Cufley, aged 11, who was knocked down on a pedestrian crossing by a sports car was awarded £52,500 agreed damages in the High Court yesterday.

The boy, of Glen Road, Thundersley, Essex, suffered brain injury and had become a danger not only to himself but to society, Mr Norman Irvine, QC, his counsel said.

Correction

The regional conferences being sponsored by the Personal Social Services Council are concerned with their reports on residential care; not intermediate treatment, as stated on Friday.

City loses shoppers for lack of car parks

As this ill-finding month proceeds, Manchester retail traders fear that there will be more evidence before Christmas of the city losing its place as one of Europe's foremost shopping centres.

Many traders believe that the planners of the past, who thought that shoppers could be persuaded to part company with their cars, are to blame for what they see as an increasingly serious decline in business. It is planned, they say, failed to recognize the threat to the city centre of competition from neighbouring towns where provision for car parking is plentiful and cheap and where shopping has improved beyond anyone's earlier expectations during the past five or six years.

Mr Cyril Lloyd-Jones, president of the city's chamber of trade and manager of one of its biggest stores, says his organization has encountered disbelief among members and officials of both Manchester City Council and Greater Manchester County Council that trade really has been falling off, that the town has statistics to prove it.

His biggest hope is that the city council will at least introduce a "parking meter amnesty" for Saturday mornings in time for the Christmas peak period. Manchester parking meters, which carry increasing charges the longer you are to the city centre and which are enforced by one of the most conscientious teams of parking wardens in Britain, remain operational until lunch-time on Saturdays.

Although comprehensive statistics are almost impossible to collect, Mr Lloyd-Jones says that confidential figures supplied by individual companies belonging to his organization show that retail trade in the centre of Manchester has increased only two and a half

The Moon cult, 2: Members in Britain number between 450 and 600

Converts sell pot plants, magazines or stationery

By Diana Parr
Is the Unification Church a fringe religion or a business network? It enjoys charitable status in Britain, registered under the names of the Sun Myung Moon Foundation and the Holy Spirit Association for the Unification of World Christianity. Its leader, Mr Moon, controls an international business empire earning about £20m a year.

Meanwhile, according to the teachings of this little-known but rapidly expanding sect, is already on Earth. The fact is, he is living in luxury. His organizations are multi-farious and have at least 77 different names, among them two heavily right-wing newspapers, *News World* and *Rising Tide*.

Sun Myung Moon was born in Korea and has married twice. The movement of which he is leader, overtly political in the United States and gave vigorous support to Richard Nixon in the aftermath of Watergate. Mr Moon claims 30,000 converts and 7,000 core members for his sect. Its organizations include kindergartens, companies, cultural and educational foundations, newspapers and magazines and a political wing, World Federation for Peace and Unification.

Numerically and politically the Unification Church in Britain is a pale shadow of its American counterpart. Its con-

verts in this country number between 450 and 600, but all of them are full-time missionaries for the movement. The members work for Moon, selling magazines on the streets, or pot plants, or stationery through stores and stations, and they work hard.

Evidence from parents and former members indicates that the Moon converts work from 6.30 am until midnight if necessary. Their status as "volunteers" for the church means they do not pay national insurance, so members leaving the church would be without pension rights.

If the Unification Church can be called a religion, the man hours worked could be called "dedication". If it is a business empire such man hours worked must be called "exploitation". The mark-up on goods sold in the United States has been as much as 500 per cent in some instances.

Mr and Mrs X, of Sussex (name and address supplied), flew to America in October to work for their son, who was working for the "Moonies" in Boston.

The British boy had been invited for a weekend to the Unification Church's New Hampshire and then to join a workshop. His father said: "This is when the indoctrination started. He did street



Mr Henry Masters, who gave estate to Moon cult.

selling and witnessing for long hours and hated it all. He got up at 6.30 am and there was no bed until after midnight. Then he slept on the floor.

He sold 20-cent candy for \$2. He objected to this work, but the money did not buy, only the poor."

He added: "I believe my son was brainwashed, because although he did not believe the doctrine and did not like the work, he still could not leave. He has told us he did not have time to think for himself. He

was kept short of sleep, fasted frequently and worked hard."

A spokesman for the Unification Church, Mr Michael Marshall, public affairs director, denies the brainwashing charges. He says: "Brainwashing charges have twice been tested and rejected in American court cases. Judge Nelson in September, 1975, in the District of Columbia Superior Court, ruled that there was no evidence to suggest that the UC practised mind control, or indeed any methods of proselytizing that were substantially different from those of other religious organizations."

Street selling is only one way of fund raising for the Moon sect, which also receives donations, sometimes substantial, and property from believers.

The biggest gift of property in Britain is the estate of Stanton Fitzwarren, Wiltshire, which includes two farmhouses, 600 acres of farmland, a post office and a mill, and has been valued at £500,000. That gift to the church was made by Mr Henry Masters, who was the squire of the village, and his wife, Avril. The couple, in their fifties, are converts to the Moon cult.

Mrs Rosalind Mitchell was a member of the Unification Church for only two months.

Next: Teaching

Final shaft site for Selby coalfield in doubt after noise objection

From Our Correspondent

The proposed site for the fifth and final shaft for working the 5600m Selby coalfield, in North Yorkshire, may be in doubt after a report by the area's chief environmental health officer.

His views are to be discussed at a meeting of the council's coalfields committee today when the coal board's planning application is considered. The council's recommendation will be submitted to North Yorkshire County Council.

Buckle of Selby District Council, says that if the site is approved the council, by supporting it now, may not be in a position to take possible future legal action against the coal board if noise exceeds permitted levels.

His views are to be discussed at a meeting of the council's coalfields committee today when the coal board's planning application is considered. The council's recommendation will be submitted to North Yorkshire County Council.

Mr Buckle's concern over the proposed shaft site, 46 acres at Whitmoor Cliffe, is shared by local parish councils, and 22 residents who live within half a mile of it have signed a petition objecting to it.

Opposition at this stage is bound to surprise the coal board, which, after concessions to the environment, was assured by a QC representing the district council at a public inquiry that no objections would be raised to the site.

Man shot on way to trial is set free

John O'Connell, a defendant in the Bank of America trial, who was shot on his way to court 18 months ago, was given a suspended jail sentence at the Central Criminal Court yesterday.

Mr Michael Worsley, for the prosecution, said Mr O'Connell, aged 42, a laundrette operator, of Church Vale, Finchley, London, was shot in the back of the legs in an alleyway by a man with a sawn-off shotgun in June last year. Judge Kene Hamilton, QC, said the shooting had the hallmark of the gangster.

"He was many months in hospital," Mr Worsley said. Medical staff tried to save his left leg, but in the end it had to be amputated. "So in a sense he has been punished more than anybody could be punished. He has lost more than money could buy."

Counsel said the shooting was still to some extent a mystery. No suspect had been arrested.

Mr O'Connell admitted conspiring to enter the Bank of America in Davies Street, London, between June 1 and October 28, 1974, as a trespasser to steal.

Mr William Hemmings, for the defence, said that at the original trial Mr O'Connell had wanted to say certain things that might have incriminated someone else. Several days before the bank trial some men tried to persuade him not to stand trial.

£5,250 award to girl aged nine

Wendy Norris, aged nine, of Essex, Close, Walthamstow, London, who lost an eye when a stone caught in a grass cutter flew up and struck her, was awarded £5,250 damages in the High Court yesterday.

She had not long started school when the accident happened in May, 1974, at the Edward Redhead School, Waltham Forest. The award was against the London borough of Waltham Forest.

In brief

Wage rise for hairdressers

Pay increases of between £2.50 and £4.50 a week for hairdressers were agreed by the industry's wages council yesterday. Charges to the customer are expected to rise by up to 15 per cent.

The pay increases exceed the 10 per cent guidelines but the National Hairdressers' Association said the Government had no power to stop them because the wages council had statutory powers. A report by the Low Pay Unit yesterday said Britain's 135,000 hairdressers were the lowest paid workers in the country.

Picture-kisser freed

Mrs Ruth Olive Van Herpen-Crocker, of Andover Road, Newbury, Berkshire, who was said to have kissed a picture at the Oxford Museum of Modern Art and left lipstick stains on it, was given a conditional discharge by Oxford magistrates yesterday after admitting criminal damage.

Shoplifter fined

Mrs Hamidah Haron, aged 32, a Malaysian prison officer, was fined £200 with £20 costs at Marlborough Street Magistrates' Court, London, yesterday for stealing clothing valued at £107.33 from Debenhams' store, Oxford Street.

Cottage transfer

A fifteenth-century timber-framed cottage was reconverted at Glinton, Cambridgeshire yesterday after being transferred from Little Barford, Bedfordshire, 19 miles away, where it was being damaged by passing traffic.

Statues recovered

Two Roman statues of Venus and Mercury, stolen from Verulamium Museum, St Albans, in March, have been recovered from under a bush in a public house car park at Hatfield.

Office party warning

Employers were criticised by Mr Donald Elliott, Assistant Chief Constable of Greater Manchester, yesterday for encouraging staff to drink at office parties and drive at Christmas.



The Fine Art of the Auctioneer

If you buy or sell at auction you will rely to a considerable extent on the expertise of the auctioneer.

The buyer requires catalogues, circulated well in advance of the sale, with detailed descriptions of the lots offered. Here, the standard of Sotheby's cataloguing, together with our guarantee against forgery, is the buyer's safeguard.

The vendor has different requirements: his property needs to be carefully attributed and valued; detailed research should be undertaken by qualified experts to catalogue the work accurately and fully; the sale must be conducted in the country most likely to attract the keenest competition; catalogues must have a wide international distribution; transportation,

insurance, and special advertising may be needed.

Confidence in the ability of the auctioneer to sell property for the best possible price is a *sine qua non*.

At Sotheby's, buyers and sellers alike are assured that they will obtain the full benefits of the auctioneer's expertise.

That is why we sell twice as much as any other auction house.

Sotheby's

FOUNDED 1744

Sotheby Parke Bernet & Co.,
34-35 New Bond Street, London W1A 2AA
Telephone: 01-493 8080 Telex: London 24454
Telegrams: Abinitio, London

Power cuts in France suspended by unions

From Our Own Correspondent
Paris, Dec 12

Leaders of the militant unions which have been calling their members in the power supply industry out on strike since the beginning of the month agreed today to call off a further round of cuts planned for Wednesday. They did this after two hours of talks with Mr Marcel Boiteux, the director of Electricité de France.

The union leaders, who have yet to say anything about the cuts they have planned for Friday, decided to suspend the action planned for Wednesday because they felt that they had made Mr Boiteux think again.

Mr Boiteux said that certain proposals had been put to him about which he had extreme reservations but had, in a spirit of conciliation, agreed to examine them.

The unions had been threatening to cause voltage reductions of up to 20 per cent on Wednesday between 9 am and 10 am, and 30 per cent reductions on Friday between 9 am and 11 am when the industry's salary commission is to meet.

This is a further sign of the increasingly tough attitude being taken by the Communist trade union confederation CGT and the Socialist CFTD in their demands for a relaxation of the wage restraint imposed by the plan of M. Barre, the Prime Minister, to save the economy.

The hardening of their attitude comes after growing anger about their failure to force the Government to negotiate with them on a salary issue. Electricité de France, a nationalised industry, is unable to break government guidelines.

At the weekend the unions became further angered by the decision of President Giscard d'Estaing to recall M. René Monory, the Minister of Industry from Morocco and M. Paul Delouvrier, the president of Electricité de France, from Guadeloupe. This has given rise to fears that the President might be considering either reassigning the men or even calling in the Army.

The two men met to discuss the situation today but there are no signs that the Government is considering interfering directly at this stage.

The CGT and CFTD refused to sign this year's wage agreement which gave pay rises

OVERSEAS

Definition of adult suffrage is agreed at talks in Salisbury

From Nicholas Ashford
Salisbury, Dec 12

The Rev Ndabaningi Sithole, one of Rhodesia's black nationalist leaders, said today that agreement on the definition of the term "universal adult suffrage" had been reached in the talks taking place between the Rhodesian Government and three internally-based nationalist movements.

Mr Sithole, who is head of the African National Council (Sithole), was commenting at the end of the third and longest round of talks in the present series. Further progress was made on the key issues of the franchise and constitutional safeguards.

There are now hopes that agreement on the principle of adult suffrage could be reached by the end of this week, after which the leaders of the four delegations would hand over to committees to work out details. Negotiations are to resume on Wednesday.

Mr Sithole was asked whether agreement had been reached on universal adult suffrage "in the terms that you understand it." He replied simply: "Yes".

There had been some concern among the nationalists about whether Mr Ian Smith, the Prime Minister, had really meant "one man, one vote" when he said he accepted the principle of adult suffrage.

There were still a number of constitutional problems that had to be resolved, Mr Sithole said, but he felt that none of them was insurmountable. He particularly appreciated the "friendly and frank" atmosphere in which the discussions were being conducted.

At today's session, which lasted almost three-and-a-half hours, it was agreed that the chairmanship of the talks should rotate to a representative of each of the four delegations in turn. Mr Sithole chaired today's meeting.

The fact that Mr Smith was prepared for the first time since his unilateral declaration of independence 12 years ago to take part in formal negotiations under the chairmanship of a black nationalist symbolizes the apparent desire by all the parties involved to

ensure that this round of talks ends in success.

A statement issued at the end of today's meeting stated that the talks had proceeded in a friendly atmosphere and that delegates had expressed their opinions "very frankly".

Bishop Abel Muzorewa, leader of the United African National Council, said afterwards that the talks were friendly and honest. Mr Smith commented: "I can assure you that progress is being made".

Although the four delegations have agreed not to reveal the contents of the talks to the press, it is believed that the main points being discussed include a blocking third mechanism in any future parliament, safeguards for civil servants, pensions and citizenship, a bill of rights and the independence of the judiciary.

The question of the future composition of the security forces has been discussed in detail. This is likely to prove the most difficult part of the negotiations.

Although the three nationalist groups who do not possess arms of their own, realize they will have to rely on the existing Rhodesian forces to provide the basis of a new Zimbabwe defence force, they would like to see certain controversial units disbanded and the inclusion in the new force of some guerrillas.

Today's talks produced a sour response from the spokesmen of the two organizations representing the twin wings of the externally-based Patriotic Front, which is not taking part in the talks.

A spokesman of the African National Council (Zimbabwe) described the talks as "a political picnic". They disregarded the fact that the Rhodesian situation had become militarized. No solution could be achieved without taking that into account.

The Rev Thompson Tsviwa, publicity secretary of the People's Movement, which represents Mr Robert Mugabe's Zanu organization inside Rhodesia, said the talks were designed only for Mr Smith to buy time to remain in power. There could be no transfer of power to the African majority until the security forces had been reshaped completely.

Love, marriage and the rule of law still interest ordinary Chinese

A railway worker's view from a Peking park

From Georges Bianchi
Peking, Dec 12

Love and marriage, laws and their shortcomings, China's leadership, the reasons why Vice-Chairman Teng Hsiao-ping is so popular—up to now it was virtually impossible to raise these subjects with the Chinese.

Bar Mr Tian Li, a railway worker, aged 28, who recently married a Frenchwoman, Odile Pierquin, spoke quite freely with me at a meeting in a Peking park.

The arrival of uniformed police and security troops, who had been tipped off about this highly unusual meeting between a Chinese and a foreigner, did not stop the discussion: the security men kept their distance. These are Mr Tian's views:

Chinese women: "I married the woman I love and whom I wanted to marry, an intelligent woman with an open mind, and that is important for the future. Women in China are still influenced quite a bit by feudal ideas and it is difficult to make them equal because they have fewer interests than men. It is not that they are really oppressed by feudal ideas but they live in such social con-

ditions, notably in the home, that these conditions impose their status on them."

Love and marriage in China: "Outside university where there is isolation (speaking about love is strictly forbidden), young people who get to know each other when they are about 18 or 20 have normal relations. They go out to cinemas, to parks, to restaurants and so on."

"Sometimes when they know each other really well they introduce each other to their families. But there is no question of going to bed or even dancing together."

"Before the Cultural Revolution there were dances on Saturday and Sunday nights. At Yunnan (a red base in the 1930s and 1940s) there was dancing. Dancing is not an important matter and since the smashing of the 'gang of four' people have been trying to get back to the spirit of Yunnan—a kind of togetherness to overcome difficulties—but nobody is really interested in dancing itself."

"Now the young people are acting more in line with their own feelings and have fewer worries about the things that are forbidden. They only have to read *Origins of the Family*

by Engels. He said sexual relations should not be based on social decrees or restrictions, but on love."

Chinese law: "Ours is the first case of marriage between a French girl and a Chinese man and it took a decision by the highest leaders of the state. I hope that in future there will be clear laws that will systematically permit marriages between Chinese and foreigners, laws in which one can refer."

"Whether a country is capitalist or socialist there have to be written laws that people are told about. Socialist laws in a socialist country, but laws. What exists in China is neither complete nor even adequate."

Why is Mr Teng Hsiao-ping so popular? "Teng Hsiao-ping wants economic progress in China above all, the raising of the people's standard of living. His mind is materialistic and not idealistic. When he says something he does it. So the Chinese people trust him. He does not think about his own interests, his own privileges or his career, but about the general interests and those of China."

Besides that, Teng strongly supports the coming together of couples who are separated by their work throughout the

country. The people are especially sensitive about this."

"When I was a student in Shanghai it was the time (1976) when people were criticizing Teng Hsiao-ping, and he was criticized far more in Shanghai than elsewhere (Shanghai was considered the stronghold of the gang of four). But as far as I was concerned I supported Teng, for I believed he was someone who could only do good for China."

"However, at that time I could not say so openly. At the faculty criticism meeting I never said one word against Teng so as not to say what I did not think."

The Chinese leadership: "The country's leaders including Teng Hsiao-ping now have one shortcoming. Before the Cultural Revolution they used to go to the factories, homes, and the countryside to see the people's real living conditions. Now they do not do this enough."

"Those on-the-spot visits showed a feeling of democracy. If they are not carried out then democracy suffers. If the leaders make these visits they can find out the state of mind of the people. As Yemurao, who was one of the cadres' regular jobs."—Agence France-Press.

Soviet anger at human rights attack by US

Belgrade, Dec 12.—The United States sharply attacked the Soviet Union at the Belgrade conference today for attacking human rights activists who tried to put the 1975 Helsinki agreement into practice.

Soviet delegates at the 35-nation meeting to review the Helsinki accord responded angrily, saying that America "has no moral right to teach other countries about human rights."

Mr Spencer Oliver, the American delegate, told the conference that the United States had observed repeated violations of the pact's human rights guarantees.

"There are prisoners like Mykola Rudenko and Alexei Tekly, founders of the Ukrainian group in prison, the absence of the Helsinki accord in the Soviet Union who were given maximum sentences—12 and 15 years' loss of freedom, respectively—for merely exercising the rights which Principle Seven [of the agreement] guarantees," Mr Oliver said.

"We could go on and mention other names, other details of fundamental human rights including the names of political prisoners, of people who are in prison or in exile because they merely sought to practice their religion or to express their opinions or thoughts," he said.

It was the strongest American attack on the Soviet Union at the conference in five weeks, and only the third time that American delegates have mentioned specific human rights cases by name.

Mr Vadim Leginov, the Soviet delegate, retorted: "The United States has no moral right to teach other countries about human rights. Life in the United States is not perfect. It includes the right to go without extensive medical care and the right of minorities to be discriminated against."

"So who are to be the judges of others?" he asked. "Are the judges to be those who tread on the rights of others? Or those who use political gangsterism against civil rights activists in the United States?"

Mr Oliver was speaking in support of a resolution that the conference should issue a broadly-worded reaffirmation of the Helsinki human rights guarantees.

"We are concerned when we observe repeated violations of human rights in some signatory countries, violations which directly contradict the promises which were made in Helsinki more than two years ago," he said.

Moscow: Tass today called a report by President Carter on human rights violations in Russia a biased document. It said the United States had nothing to teach others about human rights as long as it had "nearly seven million unemployed, 23 million illiterates and 10 million people living below the poverty threshold."

—UPI.

Sakharov appeal to American labour

From Frank Vogl
Los Angeles, Dec 12

In a message to the American trade union conference here, Dr Andrei Sakharov, the Soviet dissident, called for increased Western efforts to support human rights in the Soviet Union. The message was read to the meeting by Mr George Meany, the president of the AFL-CIO trade union organization.

The several months to AFL-CIO tried to bring Dr Sakharov and five other dissidents to its conference but the Soviet authorities refused exit visas. Dr Sakharov sent his message through the United States Embassy in Moscow.

He pointed out that he never received the many invitations by the AFL-CIO but "rather, I received an envelope with a mocking drawing of the extinct monster, the brontosaurus. The KGB evidently had in mind those they call reactionaries, perhaps you, Mr Meany, and, of course, me."

Enlightened people now in prison or in exile included Sergey Kovalev, Semyon Gluzman, Anatoly Marchenko, Andrei Tverdokhlebov, and Mikola Rudenko. Americans in particular should seek the release of the artist Peter Ruban, convicted for preparing a commemorative present—a wooden book with a model of the Statue of Liberty—as a gift to them in honour of the bicentenary.

A standing ovation was given Mr Vladimir Bukovsky, who left the Soviet Union a year ago. He lamented the lack of readiness on the part of many Western unionists to show solidarity with Soviet workers.

—UPI.

Bargaining behind scenes delays US energy Bill

From Our Own Correspondent
Washington, Dec 12

There now seems little chance that Congress will complete work on the energy Bill before Christmas. The two Houses will probably adjourn at the end of next week and reconvene on January 19 in a new session.

The conferences in which the Senate and House of Representatives versions of the energy Bill (or Bills) are being considered, ending to make haste. One of the conferences concerns itself with taxation and has adjourned until the other, which deals with everything else, completes its work.

Behind the scenes, of course, much intensive bargaining goes on, and President Carter's last hope for an energy Bill is that a sudden rush of Christmas cheer will persuade senators and congressmen to settle the matter.

The conference on taxation approved of a tax on gas-guzzlers—motor cars which consume an inordinate amount of petrol. It set a condition to its approval, however, and the condition is not being met. It demanded that the second conference vote against a ban introduced in the Senate, on the manufacture of cars which fail to meet minimum standards of fuel efficiency.

Nato secrets 'copied in ministry'

Continued from page 1

Renate Lutz, chief secretary of Dr Herbert Laabs, head of the defence ministry's department for military personnel and their welfare.

Cleared by several security checks, she had access to the ministry's strongroom where top secret documents were kept and clearly handled such documents during her work. The *Frankfurter Allgemeine Zeitung* claimed that she ordered documents which interested her and had them photocopied on ministry machines.

The other two were thought to be her husband, Herr Lothar Erwin Lutz, who worked in the armaments department, and Herr Jürgen Wiegand, an employee in the naval chief of staff's department. It appears, however, that these two did not have the same access to military secrets as Frau Lutz.

Captain Kurt Fischer, the Defence Ministry's chief spokesman, told a press conference that Frau Lutz had been cleared by regular security checks and that a further check had been requested by Herr Laabs about three or four months before she was arrested. He did not rule out, however, that there could have been a certain negligence "in the department."

Among the documents apparently photocopied were guidelines for West Germany's defence policy for the coming years; plans for the Bundeswehr from 1974-78; evaluations by the Bundeswehr of its own strength, combat readiness and failures; details of its structure, personnel, equipment and infrastructure; plans for crises, civil emergencies and standby situations; arrangements for mobilization and for dealing with movements of refugees as well as requirements for future tanks to replace the current Leopards.

The documents will have enabled the Warsaw Pact to plan its own strategy accordingly and considerably improved its chances of influencing the military balance of power in its own favour," the *Frankfurter Allgemeine Zeitung* said.

Student shot dead by police in Tenerife

From Our Correspondent
Madrid, Dec 12

Angry citizens raised street barricades tonight after police in Tenerife opened fire on student demonstrators, killing one and seriously injuring at least one other.

In connection with a general strike called by the Canary Islands workers' confederation, thousands were holding a number of unauthorized assemblies in San Cristóbal de la Laguna when the paramilitary Civil Guard intervened and opened fire.

The circumstances of the shooting were not immediately clear. According to one version a group of police was attacked by rioting students and fired at them.

South Africa to keep troops in Namibia

Johannesburg, Dec 12.—South Africa will not withdraw its troops from South-West Africa (Namibia), Mr R. F. Botha, the Minister of Foreign Affairs, reiterated in a broadcast yesterday. The size of the force could fluctuate, however. It would depend on the nature of the threat.

"If the threat is great and severe and imminent, you would expect a large force," Mr Botha said. "If a procedure can be evolved in terms of which the threat can be diminished then, naturally, there will be a decrease in the number of troops. It's as easy as that."

South Africa was committed to maintain law and order in the territory on behalf of the inhabitants. "We have got to do our best to find a peaceful solution because the alternative could be very catastrophic," he said and outlined what was in prospect.

"We are committed to an independence for South-West Africa based on the territory as a whole, in other words, no fragmentation, no discrimination based on colour to be removed, a constituent assembly to be elected by the inhabitants of the territory to decide on a constitution on the basis of one man, one vote."

The South-West Africa People's Organization (SWAPO), which has been waging a guerrilla war into the territory from

Angola, has insisted that South Africa's troops be withdrawn prior to elections.

Western representatives from the United Nations Security Council met early this month to resolve this dispute, but there was no reported progress.

Mr Botha also said South Africa had agreed with western diplomats to release political prisoners in the territory, but who would qualify as political prisoners "was still subject to discussion."

"The other side claims that all the people—also those sentenced by our courts for violations of existing laws—that they are also political detainees. We do not agree with that, but we have agreed that the Secretary-General (of the United Nations) can appoint a panel of jurists consisting of four persons and that they would decide any disputes in this particular field."

He hoped for independence before the end of 1978 and that was a date South Africa was committed to. "As far as we are concerned, if it can take place sooner we will gladly accept that," he said.—UPI

Lusaka, Dec 12.—Envoys of the United States, Britain, France, West Germany and Canada today briefed Mr Sam Nujoma, chairman of SWAPO, on their talks with South Africa over Namibia's independence.

Third World report

Brazil rethinks Amazonia plans after 10 years of depredation

From Patrick Knight
Rio de Janeiro

Brazil's Amazonian policy is undergoing profound reconsideration after a decade of almost uncontrolled development. In the past 10 years, 7,000 miles of roads have been driven through the jungle. Three hundred cattle ranches have been carved out, and a herd of six million head built up. A million new settlers have been moved in, and about a fifth of the forest has already disappeared.

To encourage people to go to the area, tax refunds and other fiscal incentives worth \$400m (about £220m) were given to companies, many of them transnational, which agreed to invest in Amazonia. Ploes of land have been given almost free to tens of thousands of colonists.

But if Amazonia is now on the map, it has also been threatened with being wiped off it, such has been the impact of the process. For example, in their haste to get a rapid return, cattlemen have cut down and burnt trees, rather than recover the timber.

Five million reserves of quality wood may be worth as much as \$500,000m.

Now, however, senior officials at the Amazonia Development Authority (Sudam), in Belém,

are coming round to the idea that wood is Amazonia's most valuable renewable resource, and that it must not be wasted. This new policy has the favour of scientists at the Amazonian Research Institute (Inpa) at Manaus. Mr Warwick Kerr, the Inpa director, says that if tree felling continues at the present rate there will be no forest left in 25 to 30 years.

In the light of experience, the grandiose schemes for occupying Amazonia are slowing down, while careful experiments are showing that many crops grow extremely well along the fertile banks of the hundreds of rivers.

Coffee, cocoa, palm oil, pepper and fruit grow in high yields. Soyabean also produced extraordinary yields in experimental planting. But the scientists at Inpa are cautious about single crop plantations, as many plant diseases spread very rapidly in the hot, humid conditions.

There is another threat to Amazonia besides that of deforestation for the big cattle ranches. Agricultural mechanization and the creation of large estates in the south of Brazil have displaced hundreds of thousands of peasants in a process similar to the "enclosures" in Europe.

Tens of thousands of them have headed for Amazonia, overwhelming the colonization schemes designed to give each colonist a 400-acre plot in fertile tracts.

Most of the landless peasants have just squatted on pieces of jungle, using slash and burn methods which exhaust the land in a few years. They then move on and repeat the process, while the abandoned plot may take 80 years to recover.

This is almost as great a threat to the ecology as are the cattle ranchers. But the world is already getting back to the south that things are not as good as they first seemed. The flow of migrants seems to be diminishing, as disease, accidents and the toughness of conditions takes a heavy toll.

There are still many untapped resources in Amazonia. Aerial radar surveys are revealing that the region is rich in many minerals.

Among them are the non-ferrous metals which Brazil now has to import, notably copper, aluminium, and coal. Besides almost unlimited reserves of iron ore, manganese and bauxite, the latest discovery has been gold, perhaps thousands of tons of it.

Turks to join inquiry into missing Cypriots

Nicosia, Dec 12.—Mr Tassos Papadopoulos, the Greek Cypriot negotiator, today announced agreement in principle with the Turkish community on setting up a commission to inquire into the fate of persons missing since the 1974 war.

Mr Papadopoulos said a draft agreement on the commission, which would include representatives from both communities plus the International Red Cross, was reached after two weeks of "laborious negotiations" in New York and Nicosia.

Mr Papadopoulos said the commission, the creation of which was engineered largely by the United States, would take up humanitarian aspects of the Cyprus problem but was not a step towards a political solution.

"The question of 2,000 missing Greek Cypriots is purely humanitarian, and these developments (creation of the commission) cannot be considered as progress towards a political settlement of the problem."—Agence France-Press.

President of Greek Parliament elected

Athens, Dec 12.—Mr Demetrios Papaspyrou, aged 75, a deputy of the ruling New Democracy Party, was tonight elected president of the new Greek Parliament by 157 of the 290 members present.

IF YOU SMELL GAS-RING US

If you smell gas, remember the simple safety rules—

- * Don't smoke or use naked flames.
- * Don't operate electrical switches—on or off.
- * Do open doors and windows.
- * Then check that you haven't left the gas on and unlit—or that a pilot light has not gone out.

If you suspect a gas leak, turn off the supply at the meter—and report the leak. Do this at once. The number's in the telephone directory under Gas—and we're on call 24 hours a day.

We'll come quickly and deal with the problem. And if you smell gas at work or in the street, please report it at once. Don't leave it to someone else.

WE'RE HERE TO HELP YOU—24 HOURS A DAY

Ask at your local gas showroom for our free booklet "Help Yourself To Gas Safety," which describes the full range of services we provide.

BRITISH GAS

OVERSEAS

US tries to bring King Husain into Middle East peace round despite absence from Cairo

Amman, Dec. 12.—Mr. Cyrus Vance began talks today with King Husain on how to bring Jordan into the Middle East negotiations. Reporters travelling with the Secretary of State were told that the United States believes King Husain wants to join the talks and that a means will be found. This may not occur until after the first session in Cairo.

American officials in Amman believe he has perhaps a larger stake in peace than any other Middle East leader but requires an assurance from the Israelis that they will make some concession on two vital issues: the sovereignty of the West Bank area, and the status of the holy city of Jerusalem and its holy shrines.

Mr. Vance, who has already been in Egypt, flew to Amman from Jerusalem, where he and Mr. Begin, the Prime Minister, talked about the strategy for the Cairo conference which opens on Wednesday. Mr. Begin said Israel hopes the conference will produce a settlement between Egypt and Israel which can then be used as a model for a treaty between Israel and its other Arab neighbours.

The talks between King Husain and Mr. Vance began this afternoon at the Hashemiyah Palace, in the foot-

hills south of Amman. Despite the fact that he has not joined the Cairo conference—even though President Sadat is holding open a chair for him—King Husain is in favour of a negotiated settlement.

He told a press conference on December 1 that he was willing to go to Cairo, but only "if all the parties concerned go to the meeting." One of his problems is his large Palestinian population. The other is his close alliance with Syria. Both those elements make him cautious about any moves that could be interpreted as being over-eager in his dealings with the Israelis.

After he leaves Amman, Mr. Vance will fly to Beirut and then to Damascus and Saudi Arabia. His mission will be the same as he described in a Washington news conference last week: to maintain the momentum set by the Sadat visit to Jerusalem.

Damascus: Syrian leaders indicated today that they would not see Mr. Vance if he was carrying a message for them from Israel.

Commenting on press reports to this effect, the official Syrian Arab News Agency quoted Assad as saying that "Syria will excuse itself from

Israel eager to shore up Mr Sadat's position

From Edward Morimer Jerusalem, Dec. 12

Israel is willing to discuss with Egypt the issues of the Gaza Strip, the West Bank and the Palestinian refugees, even though the Israelis are not likely to attend the Cairo talks starting on Wednesday.

Mr. Moshe Dayan, Israel's Foreign Minister, confirmed this at a foreign press luncheon in Jerusalem today before leaving for a Cabinet meeting to agree the brief for Israel's delegates to the talks.

Israel would discuss any issue that would make it easier for President Sadat to maintain his position in the Arab world while continuing the movement towards peace, Mr. Dayan said.

He said Egypt was happy with the present level of the delegation being sent to Cairo, led by Mr. Eliahu Ben Eliezer, director-general of the Prime Minister's office. Talks at that level, he said, would permit the two sides to discuss the issues of the Gaza Strip, the West Bank and the Palestinian refugees. He said that Israel would not believe it was a workable solution, however.

No Arab party had ever proposed such a solution, he said, only the return of the whole of the occupied territories. He said it could not be accepted.

In any case, Mr. Dayan said, existing Israeli settlements in the occupied territories would not be removed, but they would be "frozen" in place. He said that Israel would be prepared to discuss the issue of the Gaza Strip, but only if it was part of a broader settlement.

Mr. Dayan said that Israel would be prepared to discuss the issue of the Gaza Strip, but only if it was part of a broader settlement.

Egypt set for peace conference

Cairo, Dec. 12.—Egypt was expected to open today for Wednesday's preparatory Middle East peace conference. It was hoped that Jordan, and perhaps also the Palestine Liberation Organization (P.L.O.), might eventually attend.

So far the only two parties directly involved in the conflict attending the conference are Israel and Egypt. The United States has also agreed to attend the meeting, which will be held under United Nations auspices.

The P.L.O. and Syria oppose the meeting, while Jordan and Lebanon have found various diplomatic reasons for not coming.

Dr. Butros Ghali, the Egyptian Foreign Minister, said yesterday that the visit to Cairo by King Husain last week showed he supported President Sadat's peace initiative. He added that Jordan might come to the conference "in the coming weeks".

Mr. Ghali described in a Washington news conference last week the meeting as a "first step" towards a broader settlement. He said that the meeting would be a "first step" towards a broader settlement.

Bank had also joined the meeting, which the radio said had received support for Mr. Sadat's policy.

Meanwhile, security forces armed with sub-machine guns moved into the grounds of the hotel where the conference was to be held.

The conference will start at 10.0 am on Wednesday. There will be a brief inaugural session in which the participants will move into secret sessions. The working language of the conference will be English.

Dr. Ghali has said Egypt has already prepared a number of documents containing proposals on how to achieve peace in the region.—REUTERS and UPI.

Eritreans storm vital port on the Red Sea

Rome, Dec. 12.—Eritrean rebels are storming Eritrean's vital Red Sea port of Massawa and have captured one of its four districts, a rebel spokesman said in Rome today.

The reported fierce hand-to-hand fighting and said that Ethiopian troops and their Cuban advisers were attacking the port from the sea. The rebels, who are based in the highlands, are attacking the port from the sea.

The port is a vital link between the Ethiopian highlands and the Red Sea. It is the only port on the Red Sea that is not controlled by the Ethiopian government.

Beirut strike in protest at newspaper suspension

Beirut, Dec. 12.—Christian rightists today set off explosive charges, built barricades and engaged in a general strike in protest at the suspension of the French-language newspaper *Le Reveil*.

The newspaper, which is owned by Mr. Amin Gemayel, the son of Mr. Pierre Gemayel, the Phalangist leader, was suspended by the Lebanese government on the grounds that it was "inciting to violence".

Mr. Gemayel said that the suspension was an "unjustified attack" on the press. He said that the newspaper was "inciting to violence" because it was "inciting to violence".

Quebec shivers

Quebec, Dec. 12.—A power failure left 85,000 Quebecers without electricity for three quarters of an hour last night with temperatures as low as -18°C.—REUTERS.

Soviet snag in Tokyo-Peking pact

From Peter Hazelhurst Tokyo, Dec. 12

Caught in the crossfire of the Sino-Soviet dispute, Japan will refuse to sign a proposed treaty with China in the near future, it is claimed by the Japanese Foreign Ministry.

Mr. Sonoda said that the Japanese government was "in a difficult position" because of the Sino-Soviet dispute. He said that the Japanese government was "in a difficult position" because of the Sino-Soviet dispute.

However, Mr. Sonoda made no attempt to place the Soviet Union today. It is not our intention to conclude a treaty with any nation if that treaty regards another nation as an enemy. We want the proposed treaty with China to lay down a lasting peace in Asia, and that cannot occur while China and the Soviet Union are enemies," he stated.

Referring to reports that Japanese fishing fleets might be banned from Soviet waters if an unfavourable pact with China is ratified, Mr. Sonoda said: "The Soviet Union might not like the treaty but I do not think that the Soviet Union would take action unfavourable to a nation of its size and status."

Mr. Sonoda refused to confirm or deny reports that the Soviet Union had in fact issued such an ultimatum.

Moscow is actually hoping to sign a similar treaty with Japan. As Mr. Sonoda made clear today, Japan's relations with Moscow are good in general, but Japan still has to settle its territorial claims with the Soviet Union. He was referring to the four islands in the northern Kurile chain which were occupied by the Soviet Union at the end of the Second World War.

Dealing with rumours that the Soviet Union might hand back two minor islands to Japan in return for a peace treaty, Mr. Sonoda said: "Japan's stand

does not change. We insist that the four islands should be returned."

During the past three decades the Soviet Union has consistently turned a deaf ear to Japan's claims to the islands and there is no evidence that Moscow will soften its stance in the near future. However, Mr. Sonoda said that Japan, if invited, would be willing to participate in massive development projects in the Soviet Union.

The Japanese Foreign Minister also reiterated promises that Japan will soon send a special envoy to Brussels to offer Europe trade concessions designed to reduce Japan's huge trade surplus.

Mr. Sonoda said an "appropriate representative" will be sent to Europe after Japan and the United States sort out their own trade dispute. Mr. Nobuhiko Uchida, Japan's special envoy, flew to Washington last week to present a package programme of trade concessions to President Carter's Administration.

Washington has so far described the concessions as "inadequate" and independent observers believe that the package plan is unlikely to reduce Japan's huge trade surplus for several years. Reliable sources suggest that the Japanese Government will present the same package plan to Europe, and there is little or no hope that new concessions will be granted.

Reporters searched before leaving Romania

From Dassa Trevisan Belgrade, Dec. 12

In an effort to stop appeals on human rights by Romanian citizens reaching the outside world, the Romanian authorities have imposed a thorough search on Western journalists leaving the country by air.

For the first time I was searched for printed matter at Bucharest airport yesterday before being allowed to leave for Belgrade. Plain-clothes police took away all printed matter, including my copy of a speech by President Ceausescu, before permitting me to pass the barrier.

Cosmonauts start work in orbiting laboratory

Moscow, Dec. 12.—The two Soviet cosmonauts orbiting on board the Soyuz 6 space laboratory today began to activate it and check its systems.

Tass reported that Lieutenant Colonel Yuri Romanenko and Mr. Georgy Grabko awoke at 7 am and started their third day in space with breakfast and a medical check-up. Both were in good condition, according to their own reports, and transmitted information on their physical condition.

The two cosmonauts were launched into orbit on Saturday in Soyuz 26 and linked up with Soyuz 6 early yesterday, entering the previously unoccupied orbital laboratory after docking in space.

Soyuz 6 is orbiting the earth every 90 minutes at altitudes ranging between 200-400 miles. An earlier attempt by Soyuz 25 to dock with it failed.

The Soviet press has said the Soyuz 26 expedition has plans for "important and complicated work" which Western experts said would mean the simultaneous docking of a second Soyuz space capsule for resupplying Soyuz 6 or possibly changing crews.—UPI.

SECRETARIAL

Exceptional Secretary/PA

SMALL ADVERTISING AND NEW PRODUCT DEVELOPMENT CONSULTANCY

We are a Secretary, an Art Director, a Research Executive and a Marketing Executive. We're building a business for you. We're looking for a Secretary/PA who can handle a variety of tasks. We're looking for a Secretary/PA who can handle a variety of tasks.

The most important attributes are intelligence, a willingness to learn and to get things done and accurate typing. We're only seven people in total and we have good times. If you've worked in advertising or a related field, that'll help.

Salary is £3,500, four weeks' holiday and the intention to reward a good contributor accordingly.

Please contact Ray Gillman on 240 2384, TSGH Ltd., 29 Maiden Lane, London, W.C.2.

CLERICAL ASSISTANT

needed for catering business. 10-12 hours per week. 9-5. £2,500.

Ring Mrs. Simmonds 836 9831

MAKE USE OF YOUR SPANISH

Regional Director of major S.W. based company, responsible for the Spanish market. An excellent opportunity for a bilingual professional to join an established team. Salary £3,500 per annum. Apply to: Mr. J. P. G. CHALLINOR, 153 St. Paul's Church, Covent Garden, W.C.2. 01-636 4669.

P.A./ADMIN. (with good typing)

for a busy professional. Must be able to handle a variety of tasks. Salary £2,500 per annum. Apply to: Mr. J. P. G. CHALLINOR, 153 St. Paul's Church, Covent Garden, W.C.2. 01-636 4669.

ADMINISTRATIVE SECRETARY

needed for a busy professional. Must be able to handle a variety of tasks. Salary £2,500 per annum. Apply to: Mr. J. P. G. CHALLINOR, 153 St. Paul's Church, Covent Garden, W.C.2. 01-636 4669.

ADMIN/SEC. Very organized young lady

needed for a busy professional. Must be able to handle a variety of tasks. Salary £2,500 per annum. Apply to: Mr. J. P. G. CHALLINOR, 153 St. Paul's Church, Covent Garden, W.C.2. 01-636 4669.

ENGLISH mother tongue, bilingual

needed for a busy professional. Must be able to handle a variety of tasks. Salary £2,500 per annum. Apply to: Mr. J. P. G. CHALLINOR, 153 St. Paul's Church, Covent Garden, W.C.2. 01-636 4669.

JUNIOR SECRETARY looking for

needed for a busy professional. Must be able to handle a variety of tasks. Salary £2,500 per annum. Apply to: Mr. J. P. G. CHALLINOR, 153 St. Paul's Church, Covent Garden, W.C.2. 01-636 4669.

OTHER SECRETARIAL APPOINTMENTS

APPEAR ON PAGE 21

Appointments Vacant

Sales Executive

required for well-established wholesale company on the Thames to assist Sales Director in obtaining new business. Must have forwarding, shipping and ship broking experience, also personality to negotiate with customers at all levels. Occasional foreign travel involved. Preferable age group 28-35. Good salary will be paid plus company car and other benefits.

Applications in writing please to THE SALES DIRECTOR SAMUEL WILLIAMS (DAGENHAM DOCK) LTD., CHEQUERS LANE, DAGENHAM, ESSEX.

GENERAL VACANCIES

EUROBOND DEALER

Excellent negotiable salary

Applications in writing to: Dai-ichi Kangyo Paribas Ltd. 1-3 College Hill London EC4

STAFF CONSULTANCY CITY

£3,500-£5,000

We are one of the UK's largest Employment Agency Groups and as part of our continuing expansion we wish to recruit a consultant to our London office. The ideal candidate will have a minimum of 5 years' experience in recruitment, with a proven track record in the recruitment of senior management and professional staff. The successful candidate will be responsible for the recruitment of senior management and professional staff. The successful candidate will be responsible for the recruitment of senior management and professional staff.

PLEASE RING 01-588 1031

66 Moorgate, London, E.C.2

ENTERTAINMENTS

When telephoning use prefix 01 only outside London Metropolitan Area

OPERA AND BALLET

COVENT GARDEN OPERA: *La Traviata*, Dec. 13, 14, 15, 16, 17, 18, 19, 20, 21, 22, 23, 24, 25, 26, 27, 28, 29, 30, 31. Tickets: £1.50, £2.50, £3.50, £4.50, £5.50, £6.50, £7.50, £8.50, £9.50, £10.50, £11.50, £12.50, £13.50, £14.50, £15.50, £16.50, £17.50, £18.50, £19.50, £20.50, £21.50, £22.50, £23.50, £24.50, £25.50, £26.50, £27.50, £28.50, £29.50, £30.50, £31.50, £32.50, £33.50, £34.50, £35.50, £36.50, £37.50, £38.50, £39.50, £40.50, £41.50, £42.50, £43.50, £44.50, £45.50, £46.50, £47.50, £48.50, £49.50, £50.50, £51.50, £52.50, £53.50, £54.50, £55.50, £56.50, £57.50, £58.50, £59.50, £60.50, £61.50, £62.50, £63.50, £64.50, £65.50, £66.50, £67.50, £68.50, £69.50, £70.50, £71.50, £72.50, £73.50, £74.50, £75.50, £76.50, £77.50, £78.50, £79.50, £80.50, £81.50, £82.50, £83.50, £84.50, £85.50, £86.50, £87.50, £88.50, £89.50, £90.50, £91.50, £92.50, £93.50, £94.50, £95.50, £96.50, £97.50, £98.50, £99.50, £100.50.

THEATRES

MAYFAIR THEATRE: *The Secret of Santa Vittoria*, Dec. 13, 14, 15, 16, 17, 18, 19, 20, 21, 22, 23, 24, 25, 26, 27, 28, 29, 30, 31. Tickets: £1.50, £2.50, £3.50, £4.50, £5.50, £6.50, £7.50, £8.50, £9.50, £10.50, £11.50, £12.50, £13.50, £14.50, £15.50, £16.50, £17.50, £18.50, £19.50, £20.50, £21.50, £22.50, £23.50, £24.50, £25.50, £26.50, £27.50, £28.50, £29.50, £30.50, £31.50, £32.50, £33.50, £34.50, £35.50, £36.50, £37.50, £38.50, £39.50, £40.50, £41.50, £42.50, £43.50, £44.50, £45.50, £46.50, £47.50, £48.50, £49.50, £50.50, £51.50, £52.50, £53.50, £54.50, £55.50, £56.50, £57.50, £58.50, £59.50, £60.50, £61.50, £62.50, £63.50, £64.50, £65.50, £66.50, £67.50, £68.50, £69.50, £70.50, £71.50, £72.50, £73.50, £74.50, £75.50, £76.50, £77.50, £78.50, £79.50, £80.50, £81.50, £82.50, £83.50, £84.50, £85.50, £86.50, £87.50, £88.50, £89.50, £90.50, £91.50, £92.50, £93.50, £94.50, £95.50, £96.50, £97.50, £98.50, £99.50, £100.50.

THEATRE ROYAL: *The Secret of Santa Vittoria*, Dec. 13, 14, 15, 16, 17, 18, 19, 20, 21, 22, 23, 24, 25, 26, 27, 28, 29, 30, 31. Tickets: £1.50, £2.50, £3.50, £4.50, £5.50, £6.50, £7.50, £8.50, £9.50, £10.50, £11.50, £12.50, £13.50, £14.50, £15.50, £16.50, £17.50, £18.50, £19.50, £20.50, £21.50, £22.50, £23.50, £24.50, £25.50, £26.50, £27.50, £28.50, £29.50, £30.50, £31.50, £32.50, £33.50, £34.50, £35.50, £36.50, £37.50, £38.50, £39.50, £40.50, £41.50, £42.50, £43.50, £44.50, £45.50, £46.50, £47.50, £48.50, £49.50, £50.50, £51.50, £52.50, £53.50, £54.50, £55.50, £56.50, £57.50, £58.50, £59.50, £60.50, £61.50, £62.50, £63.50, £64.50, £65.50, £66.50, £67.50, £68.50, £69.50, £70.50, £71.50, £72.50, £73.50, £74.50, £75.50, £76.50, £77.50, £78.50, £79.50, £80.50, £81.50, £82.50, £83.50, £84.50, £85.50, £86.50, £87.50, £88.50, £89.50, £90.50, £91.50, £92.50, £93.50, £94.50, £95.50, £96.50, £97.50, £98.50, £99.50, £100.50.

THEATRE ROYAL: *The Secret of Santa Vittoria*, Dec. 13, 14, 15, 16, 17, 18, 19, 20, 21, 22, 23, 24, 25, 26, 27, 28, 29, 30, 31. Tickets: £1.50, £2.50, £3.50, £4.50, £5.50, £6.50, £7.50, £8.50, £9.50, £10.50, £11.50, £12.50, £13.50, £14.50, £15.50, £16.50, £17.50, £18.50, £19.50, £20.50, £21.50, £22.50, £23.50, £24.50, £25.50, £26.50, £27.50, £28.50, £29.50, £30.50, £31.50, £32.50, £33.50, £34.50, £35.50, £36.50, £37.50, £38.50, £39.50, £40.50, £41.50, £42.50, £43.50, £44.50, £45.50, £46.50, £47.50, £48.50, £49.50, £50.50, £51.50, £52.50, £53.50, £54.50, £55.50, £56.50, £57.50, £58.50, £59.50, £60.50, £61.50, £62.50, £63.50, £64.50, £65.50, £66.50, £67.50, £68.50, £69.50, £70.50, £71.50, £72.50, £73.50, £74.50, £75.50, £76.50, £77.50, £78.50, £79.50, £80.50, £81.50, £82.50, £83.50, £84.50, £85.50, £86.50, £87.50, £88.50, £89.50, £90.50, £91.50, £92.50, £93.50, £94.50, £95.50, £96.50, £97.50, £98.50, £99.50, £100.50.

THEATRE ROYAL: *The Secret of Santa Vittoria*, Dec. 13, 14, 15, 16, 17, 18, 19, 20, 21, 22, 23, 24, 25, 26, 27, 28, 29, 30, 31. Tickets: £1.50, £2.50, £3.50, £4.50, £5.50, £6.50, £7.50, £8.50, £9.50, £10.50, £11.50, £12.50, £13.50, £14.50, £15.50, £16.50, £17.50, £18.50, £19.50, £20.50, £21.50, £22.50, £23.50, £24.50, £25.50, £26.50, £27.50, £28.50, £29.50, £30.50, £31.50, £32.50, £33.50, £34.50, £35.50, £36.50, £37.50, £38.50, £39.50, £40.50, £41.50, £42.50, £43.50, £44.50, £45.50, £46.50, £47.50, £48.50, £49.50, £50.50, £51.50, £52.50, £53.50, £54.50, £55.50, £56.50, £57.50, £58.50, £59.50, £60.50, £61.50, £62.50, £63.50, £64.50, £65.50, £66.50, £67.50, £68.50, £69.50, £70.50, £71.50, £72.50, £73.50, £74.50, £75.50, £76.50, £77.50, £78.50, £79.50, £80.50, £81.50, £82.50, £83.50, £84.50, £85.50, £86.50, £87.50, £88.50, £89.50, £90.50, £91.50, £92.50, £93.50, £94.50, £95.50, £96.50, £97.50, £98.50, £99.50, £100.50.

THEATRE ROYAL: *The Secret of Santa Vittoria*, Dec. 13, 14, 15, 16, 17, 18, 19, 20, 21, 22, 23, 24, 25, 26, 27, 28, 29, 30, 31. Tickets: £1.50, £2.50, £3.50, £4.50, £5.50, £6.50, £7.50, £8.50, £9.50, £10.50, £11.50, £12.50, £13.50, £14.50, £15.50, £16.50, £17.50, £18.50, £19.50, £20.50, £21.50, £22.50, £23.50, £24.50, £25.50, £26.50, £27.50, £28.50, £29.50, £30.50, £31.50, £32.50, £33.50, £34.50, £35.50, £36.50, £37.50, £38.50, £39.50, £40.50, £41.50, £42.50, £43.50, £44.50, £45.50, £46.50, £47.50, £48.50, £49.50, £50.50, £51.50, £52.50, £53.50, £54.50, £55.50, £56.50, £57.50, £58.50, £59.50, £60.50, £61.50, £62.50, £63.50, £64.50, £65.50, £66.50, £67.50, £68.50, £69.50, £70.50, £71.50, £72.50, £73.50, £74.50, £75.50, £76.50, £77.50, £78.50, £79.50, £80.50, £81.50, £82.50, £83.50, £84.50, £85.50, £86.50, £87.50, £88.50, £89.50, £90.50, £91.50, £92.50, £93.50, £94.50, £95.50, £96.50, £97.50, £98.50, £99.50, £100.50.

THEATRE ROYAL: *The Secret of Santa Vittoria*, Dec. 13, 14, 15, 16, 17, 18, 19, 20, 21, 22, 23, 24, 25, 26, 27, 28, 29, 30, 31. Tickets: £1.50, £2.50, £3.50, £4.50, £5.50, £6.50, £7.50, £8.50, £9.50, £10.50, £11.50, £12.50, £13.50, £14.50, £15.50, £16.50, £17.50, £18.50, £19.50, £20.50, £21.50, £22.50, £23.50, £24.50, £25.50, £26.50, £27.50, £28.50, £29.50, £30.50, £31.50, £32.50, £33.50, £34.50, £35.50, £36.50, £37.50, £38.50, £39.50, £40.50, £41.50, £42.50, £43.50, £44.50, £45.50, £46.50, £47.50, £48.50, £49.50, £50.50, £51.50, £52.50, £53.50, £54.50, £55.50, £56.50, £57.50, £58.50, £59.50, £60.50, £61.50, £62.50, £63.50, £64.50, £65.50, £66.50, £67.50, £68.50, £69.50, £70.50, £71.50, £72.50, £73.50, £74.50, £75.50, £76.50, £77.50, £78.50, £79.50, £80.50, £81.50, £82.50, £83.50, £84.50, £85.50, £86.50, £87.50, £88.50, £89.50, £90.50, £91.50, £92.50, £93.50, £94.50, £95.50, £96.50, £97.50, £98.50, £99.50, £100.50.

THEATRE ROYAL: *The Secret of Santa Vittoria*, Dec. 13, 14, 15, 16, 17, 18, 19, 20, 21, 22, 23, 24, 25, 26, 27, 28, 29, 30, 31. Tickets: £1.50, £2.50, £3.50, £4.50, £5.50, £6.50, £7.50, £8.50, £9.50, £10.50, £11.50, £12.50, £13.50, £14.50, £15.50, £16.50, £17.50, £18.50, £19.50, £20.50, £21.50, £22.50, £23.50, £24.50, £25.50, £26.50, £27.50, £28.50, £29.50, £30.50, £31.50, £32.50, £33.50, £34.50, £35.50, £36.50, £37.50, £38.50, £39.50, £40.50, £41.50, £42.50, £43.50, £44.50, £45.50, £46.50, £47.50, £48.50, £49.50, £50.50, £51.50, £52.50, £53.50, £54.50, £55.50, £56.50, £57.50, £58.50, £59.50, £60.50, £61.50, £62.50, £63.50, £64.50, £65.50, £66.50, £67.50, £68.50, £69.50, £70.50, £71.50, £72.50, £73.50, £74.50, £75.50, £76.50, £77.50, £78.50, £79.50, £80.50, £81.50, £82.50, £83.50, £84.50, £85.50, £86.50, £87.50, £88.50, £89.50, £90.50, £91.50, £92.50, £93.50, £94.50, £95.50, £96.50, £97.50, £98.50, £99.50, £100.50.

THEATRE ROYAL: *The Secret of Santa Vittoria*, Dec. 13, 14, 15, 16, 17, 18, 19, 20, 21, 22, 23, 24, 25, 26, 27, 28, 29, 30, 31. Tickets: £1.50, £2.50, £3.50, £4.50, £5.50, £6.50, £7.50, £8.50, £9.50, £10.50, £11.50, £12.50, £13.50, £14.50, £15.50, £16.50, £17.50, £18.50, £19.50, £20.50, £21.50, £22.50, £23.50, £24.50, £25.50, £26.50, £27.50, £28.50, £29.50, £30.50, £31.50, £32.50, £33.50, £34.50, £35.50, £36.50, £37.50, £38.50, £39.50, £40.50, £41.50, £42.50, £43.50, £44.50, £45.50, £46.50, £47.50, £48.50, £49.50, £50.50, £51.50, £52.50, £53.50, £54.50, £55.50, £56.50, £57.50, £58.50, £59.50, £60.50, £61.50, £62.50, £63.50, £64.50, £65.50, £66.50, £67.50, £68.50, £69.50, £70.50, £71.50, £72.50, £73.50, £74.50, £75.50, £76.50, £77.50, £78.50, £79.50, £80.50, £81.50, £82.50, £83.50, £84.50, £85.50, £86.50, £87.50, £88.50, £89.50, £90.50, £91.50, £92.50, £93.50, £94.50, £95.50, £96.50, £97.50, £98.50, £99.50, £100.50.

THEATRE ROYAL: *The Secret of Santa Vittoria*, Dec. 13, 14, 15, 16, 17, 18, 19, 20, 21, 22, 23, 24, 25, 26, 27, 28, 29, 30, 31. Tickets: £1.50, £2.50, £3.50, £4.50, £5.50, £6.50, £7.50, £8.50, £9.50, £10.50, £11.50, £12.50, £13.50, £14.50, £15.50, £16.50, £17.50, £18.50, £19.50, £20.50, £21.50, £22.50, £23.50, £24.50, £25.50, £26.50, £27.50, £28.50, £29.50, £30.50, £31.50, £32.50, £33.50, £34.50, £35.50, £36.50, £37.50, £38.50, £39.50, £40.50, £41.50, £42.50, £4

هكذا ان الاصل

Banking and finance in Latin America

Time to wake up: this Special Report looks at Britain's lost opportunities

"Progress towards more balanced and equitable economic relations between developed and developing countries is an essential element of an improved world economy."—OECD ministerial council, Paris, June, 1976.

Too big to ignore

by Michael Frenchman

This year has seen a steadily increasing flow of Latin American visitors to Britain. They have included ministers from the major countries like Argentina, Brazil, Chile, Mexico and Venezuela, a host of bankers and countless businessmen from the private sector.

There have been several fairs and promotions for British industry in Latin America and numerous conferences, seminars, discussion groups in London. All this indicates that at long last Britain is beginning to wake up to the opportunities that exist to increase trade and banking links with Latin America.

One of the major imbalances in world economy so far has been the relationship between Europe and Latin America which has for many years been dominated by North American investment and trade. For a generation Britain, and to a lesser extent its continental neighbours, have tended to ignore the realities of the 22 countries which together have a population of 324 million which form this highly complex and varied region.

It is only since the energy crisis of 1973-74 and the disastrous economic recession which hit the industrialized nations in 1975 that we have begun to focus on Latin America as one of the world's major borrowers of development aid and finance. According to a Morgan Guaranty Trust report seven Latin American countries—Brazil, Mexico, Argentina, Chile, Peru, Venezuela and Colombia—had a total debt of \$77,000m at the end of last year.

Of these countries, Mexico and Brazil had a combined debt of about \$30,000m representing about a third of the debt held by the world's developing and lesser developed countries. During 1976 there was an enormous increase in lending by the Eurobanks which reached \$8,200m, a good enough reason in itself why greater interest should be taken in furthering trading links in this area.

In the past four years an imbalance of \$147m in Latin America's favour in trade with Britain has been turned into a provisional surplus of \$35m for Britain for the first 10 months of this year. Because of devaluation of the pound during this period a degree of caution must be exercised in comparing these figures. The position this year so far is: January-October, imports from Latin America—£663.4m., exports from Britain £730m. Last year there was a surplus for Britain of only £3.65m.

Between 1972 and 1976 trade with the EEC as a whole nearly doubled, but Latin America has still maintained a small surplus balance of exports.

Exports, 1972 1976
to Latin America: \$4,398m \$8,519m
by EEC: \$4,830m \$8,890m

Our hitherto earlier reluctance to take Latin America seriously has been for a number of reasons, two at least largely political. Britons by nature are cautious traders and too much so according to some of our competitors, and are also somewhat hesitant when languages other than the mother tongue are involved. Hence it was always easier to maintain and develop the old colonial links, the Empire and all that.

With minor exceptions like Belize and the controversial Falkland Islands, the impact on the continent has been eclipsed by the Hispanic colonies. The "Empire" hang-up has always put Latin America off the beaten track except for our imperial few. For far too long British business has stood by while our European and Japanese competitors have gone in, often with both feet first.

For those who did venture there is the additional stark memory of nationalization of a large number of utility companies and services established with British skills. But now, with the "Empire" gone, some sectors of British business, in particular the private banking sector, have at last woken up to the potential markets and natural resources which Latin America has to offer not only to us but to the industrialized nations as a whole.

The second main reason

for our change in attitude is Africa. By a curious paradox while Britain, with a few notable exceptions, seems to be easing up in some cases, Brazil is intent on consolidating its links with Portuguese speaking Angola and Mozambique. Argentina too is looking closely at southern Africa (mainly for defence reasons in the South Atlantic) and to Rhodesia in particular whose white farmers are being wooed to set up homesteads south of the River Plate.

But to some perceptive businessmen it seems that there is a long troublesome period ahead in Africa as a whole. It still offers opportunities for the old-style entrepreneur who wants a quick return on his investment but the time factor is now severely limited by political consequences.

There seems little doubt that in the world of big power politics Africa appears to be fast becoming the main Marxist workshop. To a certain extent Latin America must accept part of the responsibility having given birth to Cubanism, the only really successful Marxist experiment in the area.

Attempts to spread Cubanism to the Latin American mainland have been largely balked by the individual countries, particularly those in the southern half of the continent which have established a so far unofficial alliance, the *concurso al Sur* or "Southern Cone pact", to combat the growth of communism in the region. Unfortunately in many cases the military regimes have often overreacted in their drive against attempted communist-inspired takeovers.

Bearing in mind the characteristic temperamental of the Latin this should not have been entirely unexpected but in the case of Chile and Argentina, it has led to a much tarnished image abroad, often deliberately so, in a number of instances. This has resulted in a wide misunderstanding, especially by some sections of the press, of what has really been happening in Latin America.

It is a continent in a hurry where exploitation, suffering and wage disparities have, in a sense, never been the daily norm. At the same

time, however, considerable efforts have been made to carry out sounder social policies, increase manufacturing export capacity and develop natural resources in the region.

According to the United Nations Economic Commission for Latin America (ECLA) exports increased by 10 per cent to \$42,400m in 1976. The area is dogged by over-population in urban areas and by some of the highest birth rates in the world.

As well as a group of countries on the move Latin America is trying to do in a generation what the industrialized nations of Western Europe have taken a century and a half to achieve. Mistakes, both political and economic, have been made and will continue to be made but it is to be hoped, with infrequency, that the same cannot be said to be true of the early Victorian immigrants who surely little worse than the *fajados* of São Paulo or the "blatant chiles" of Mexico, or indeed the appalling encampments in which thousands of immigrant workers live in the Gulf where they work for the oil-rich states.

But to go west and south from the Gulf to Africa where Cuban intervention is increasing at an unprecedented rate as the number of advisers and troops, consulates and embassies in the Mediterranean shores to the Red Sea, from the Atlantic to the Indian Ocean, the possibility of accelerated political unrest in some areas is more than likely and many industrialized nations may find that their traditional sources for the supply of crucial raw materials may eventually be lost.

Latin America, being a collection of banana republics where the only news that reached the headlines was yet another "revolution or coup" is more than likely to be replaced by steady activities in some of the nouveau riche Africa states where the veneer of stability and skill lies thinly.

The realization of possible

continued political uncertainty and later turmoil—the Sahara, Morocco, Rhodesia, South Africa, the homelands, the Horn of Africa—is beginning to ring alarm bells in business circles which until now have been falling on deaf ears. The supply of many of the free world's vital commodities is likely to be disrupted with increasing frequency. Specialized minerals like chrome, most of which comes from southern Africa, which are essential for the West's massive defence industries, could become unobtainable in sufficient quantities from traditional mines.

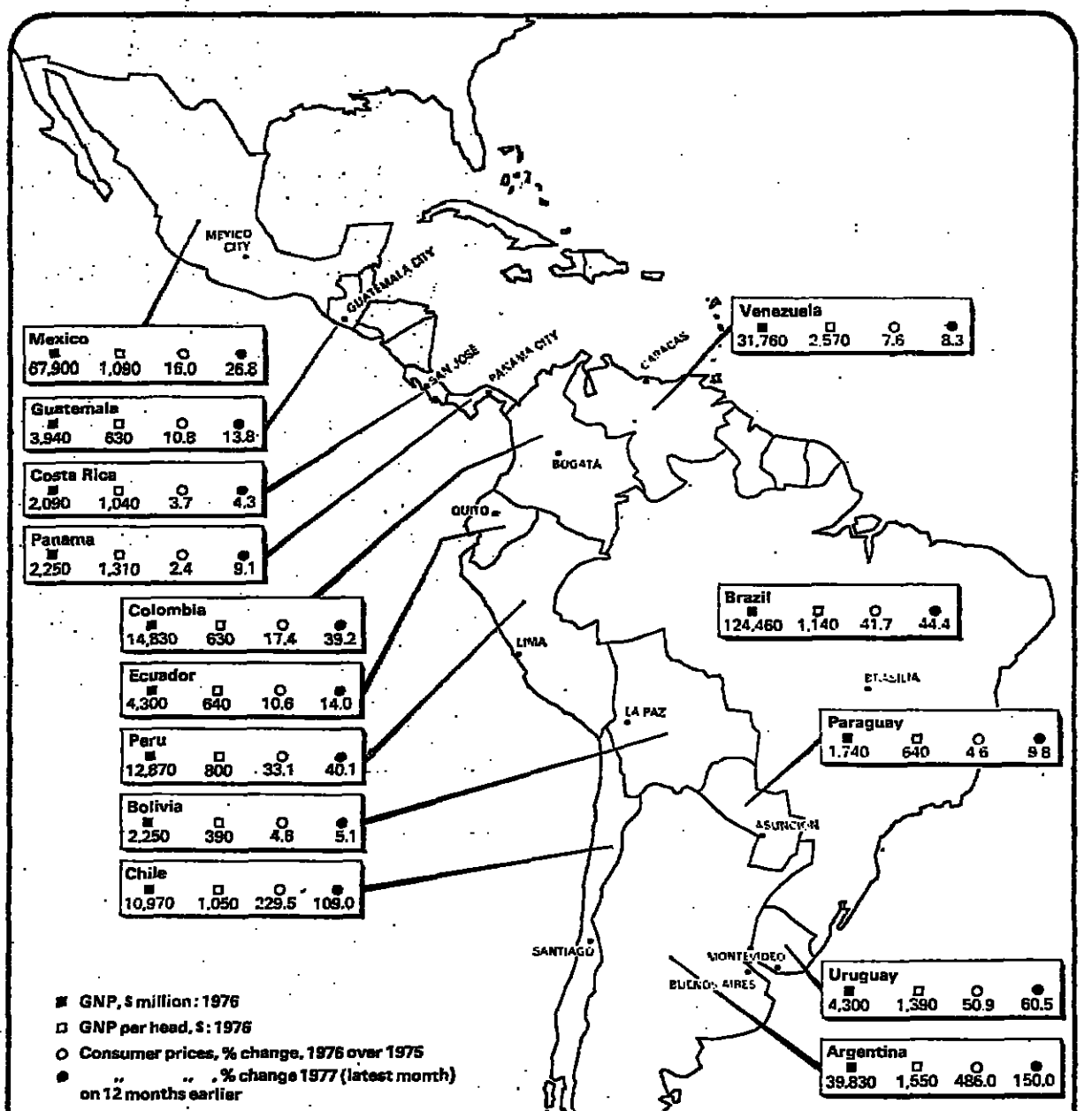
The changing pattern of political life in Africa in the whole is far less attractive than in the postwar era. The converse is now true about Latin America where a large degree of stability has been established.

Progress has a price; stability ensures investment; and that ensures growth and that is what Latin America needs. The peso in one's pocket may not buy much, but it is infinitely better than no peso at all.

The strength and stability of the region overall are reflected in the continued diversification of the economy and its ability to continue obtaining large-scale credits. It is an ill wind that has made it possible for the industrialized nations to lend with confidence their increasingly available surplus funds during a recessionary period to the development of a large sector of the developing world.

With a dramatic turnaround of the Argentine economy, a more attractive investment climate in Chile, the possibility of Mexico becoming Latin America's Saudi Arabia, and continued exploitation of Brazil's untold resources Latin America is a region that Britain and Europe must continue to watch more closely than ever before.

As the OECD stated last year "Increased borrowing by developing countries in a global recession and repayment would not only prove a serious drain on their resources but would help to reduce the severity of the recession in the industrial countries as well."



Official reserves (latest month)	No. of months imports covered by reserves	IMF drawings (\$m)	Euro-market borrowings (\$m)				Debt servicing ratio	
			1976	1977 (1st half)	1977 (1st half)	1977 (1st half)	1977	1978†
Argentina	1,814	5.5	289.5	—	1,044	1,044	248.1	28
Mexico	1,506	3.6	416.9	100.0	1,302	2,330	645.2	36
Chile	551	4.1	124.4	—	125	125	205.0	31
Venezuela	8,947	12.8	—	—	1,089	1,089	1,272.2	24
Colombia	1,837	11.4	—	—	110	110	42.0	8
Peru	329	1.7	189.5	—	350	350	91.0	30
Bolivia	187	0.7	—	—	15	15	26.0	19
Brazil	5,867	7.3	—	193	3,308	3,501	556.0	44
Uruguay	364	7.9	38.0	—	82	82	na	na
Paraguay	241	na	—	—	15	15	na	na
Guatemala	127	0.7	—	—	—	—	na	na
Ecuador	578	6.5	17.6	—	17	17	167.0	4
Panama	na	na	25.1	—	14	152	135.0	127.0
Costa Rica	157	2.4	6.8	—	—	—	na	na

* Debt service ratio is calculated from service payments on external debt as a percentage of exports of goods and non-factor services. † Estimated. Sources: World Bank and IMF.

On sharing a bed

by Andrew Tarnowski

Whatever the effectiveness of President Carter's human rights campaign, and of American restrictions on aid to offending governments in Latin America, American businessmen in the area are

among its strongest critics. Mr. Andrew Montez, the executive director of the American Chamber of Commerce in Argentina, prefers not to comment. But the space on the wall behind his desk which is reserved for the portrait of the American President speaks volumes: it

is still occupied by that of Gerald Ford. Mr. Carter is nowhere to be seen. Mr. Montez, however, hands out policy statements by Mr. Keith L. Miceli, the executive secretary of the Association of American Chambers of Commerce in Latin America: "By placing

undue emphasis on punitive negative measures to promote human rights we run the risk of provoking reactions which could not only undermine our national interests, but could also harm the human rights situation in the area."

Latin Americans say the United States are like sharing a bed with a sleeping elephant. The watch out when it rolls over. This time the elephant has rolled over 180°.

BANCOMER, S.A.
Merges 37 Mexican Banks

With capital reserves totalling 4,200 million Pesos (186 million dls.), 34 affiliate banks of the Banco de Comercio and the Financiera Bancomer (Financial institution), along with Hipotecaria Bancomer (Mortgage institution), were merged into one commercial bank. The amalgamation took place November 21st this year and converts Bancomer, S.A. into the largest private bank in Mexico.

The new institution, Bancomer, S.A. comprises 565 branches throughout the Republic of Mexico; plus a London Office at 85 Gracechurch Street under the direction of Mr Volke Mergenthaler. Additionally, representative offices are maintained in New York, Madrid, Tokyo and a branch offering all banking services in Los Angeles, California.

As a result of the merger Bancomer, S.A. is now permitted to offer all the facilities of a commercial bank in Mexico, including credit operations on a long term and medium term basis, and mortgage operations. The traditional services of trust funds, checking and saving accounts continue as before.

Simultaneously announcement was made of the election of Manuel Espinosa Yglesias to the Presidency of Bancomer, S.A. and the formation of an Executive Committee composed of Victor Manuel Herrera, Alvaro Conde, Ignacio Castilla and Eugenio Eraña.

Bewilderment and anger among some Latin American governments is not all President Carter's bank. Some of them is outbought by Congress, and the strictures on human rights are made harsher than he intends. But except for the aid on military aid they are largely ineffective.

Six Latin American countries are now without military aid from the United States, cut off because of violations of human rights or rejected in a bluff. They are Chile, Argentina, Uruguay, Brazil, Guatemala and El Salvador.

In 1975 Congress cut off General Augusto Pinochet's Chile, which promptly announced that it wanted no more help in buying arms can hardware. Last year Uruguay was cut off. This year, the Carter Administration's proposal to halve Argentina's military aid and its decision not to seek Congress to restore Uruguay's, caused both military governments to reject the aid immediately.

Brazil and Guatemala then rejected military aid after a congressional decision to publish human rights reports on all countries receiving it. Finally, El Salvador cited congressional hearings on its elections—at which the State Department alleged dirty dealings as interference in its affairs. It, too, renounced military aid.

Chile and Argentina are thus cut off from all military aid. The other four countries can still buy American arms and receive military training.

All military sales and credits to Argentina were recently barred by Congress from October 1, 1978. The military government thus has a year in which to improve its human rights record if it wants to start receiving American hardware again. The annual United States allocation for training 30 to 40 bright young Argentine officers has also been cancelled. And Argentina

Lloyds Bank Group in Latin America.

Through its subsidiaries, the Bank of London & South America and the Bank of London & Montreal, Lloyds Bank International has been established in Latin America for well over 100 years and is the only British bank with a branch network covering virtually the whole of Latin America, with a strong presence in all the important financial centres.

In addition to the traditional range of financial services provided by our branches, our special knowledge of the people, the markets and local conditions, makes us uniquely well-equipped to assist international companies with import and export arrangements, the introduction of capital, access to local finance, joint-ventures and all other aspects of trade with Latin America.

For further information, please contact our Latin America Division in London or any branch of Lloyds Bank Limited.

LLOYDS BANK INTERNATIONAL
40/66 Queen Victoria St. London EC4P 4EL. Tel 01-248 9822
A member of the Lloyds Bank Group

LBI, the Bank of London & South America and their subsidiaries have offices in: Argentina, Australia, Bahamas, Bahrain, Belgium, Brazil, Canada, Cayman Islands, Chile, Colombia, Costa Rica, Ecuador, Egypt, El Salvador, France, Federal Republic of Germany, Guatemala, Guernsey, Honduras, Hong Kong, Iran, Japan, Jersey, Malaysia, Mexico, Monaco, Netherlands, Nicaragua, Panama, Paraguay, Peru, Philippines, Portugal, Republic of Korea, Singapore, Spain, Switzerland, United Arab Emirates, United Kingdom, U.S.A., U.S.S.R., Uruguay, Venezuela.

continued on next page

Half-hearted approach to difficulties

by a Special Correspondent

Developments that might have been expected in the economic sector in Latin America in the aftermath of the oil crisis, particularly over the past year of economic recession, have largely failed to materialize. The most obvious change, Chile's withdrawal from membership of the Andean Pact, was a negative one which failed to spur any quick reaction. And in general the rather lethargic approach of the pact's parent body Lafta (the Latin American Free Trade Association), has been typical.

There are three overriding problems that the various multilateral business associations have all had to face. First, trade within the Latin American area has historically grown less rapidly than world trade in spite of its generally higher levels of gap and population growth. Second, attempts to expand the growth rate of manufactured goods (the sector for obvious reasons of greatest potential), have not met with much success in those sectors which form the basis of a modern industrial state, namely the steel, motor and shipbuilding industries.

This is a difficulty shared with all developing areas. Latin America's third problem stems from an indigenous trait, the desire to father multilateral and bilateral organizations even where the determination to make them work, especially when this implies national sacrifice, is sorely lacking.

The most broadly based grouping is Lafta, set up by the Montevideo Treaty of February 1960. This provided for the removal of all major restrictions to trade between its members by June 1973, a date which has since been postponed to 1980. The objective is now most unlikely to be reached, even by then. Delays in tariff reduction are due to a multiplicity of causes. The most outstanding has been the inability and unwillingness of the most developed Latin American nations, including Brazil and Mexico, to change their industrial development programmes to allow areas of specialization for the others.

The less developed countries have been pressing for changes that would alter Lafta's status of free trade area to that of a much more complex regional community responsible for planning, aid programmes and a variety of other measures. Unfortunately for its sponsors, there has been little support for the idea. It has however been agreed that no serious discussions will take place on the subject until after 1980.

Analysis of intra-Lafta trade shows that it has been only partly successful. Latin American exports have declined from 10 per cent of world trade in 1950 to 6.2 per cent in 1960 and to less than 4 per cent last year. Intra-regional trade as a part of world trade has been steady over the past 15 years at close to 0.5 per cent.

Thus what success has been achieved has been defensive; declining participation in world trade has been slowed—a move that might have occurred anyway as the Latin American nations built up their manufacturing industries and the export of manufactured goods.

Possibly the most successful development emanating from Lafta has been the Andean Pact which initially included Bolivia, Chile, Colombia, Ecuador and Peru, and was joined in 1974 by Venezuela before losing Chile last year. Its aim is to develop a genuine common market entailing a common external tariff, specialization on the various sectors of the economy, and common monetary, foreign exchange, fiscal and social security policies.

The most notable achievement has been the formation of a common policy towards foreign investment (the principal reason for the departure of Chile when



Sixteenth-century Spanish helmet styles survive in the headwear of these Bolivian villagers.

it embraced, a more monetarist and internationally open economic approach) and the planning agreements between the sectors. These have been concluded for the petrochemical, metalworking and motor industries, although the first had to be renegotiated on the entry of Venezuela to the pact, and again on the departure of Chile. Only slow progress has been made for other sectors, including steel, chemicals, electronics, pulp and paper, pharmaceuticals and glass.

Typical of the nationalist approach and the half-heartedness of the halfhearted agreement reached areas such as oil drilling have been the motor industry pact. It has been debated since 1973 and redrafted five times. The emphasis is heavily on the defence of

members' national interests, obviously met with modest success is the Common Fund and the Andean Development Corporation (CAF) designed to provide multilateral support for monetary and balance of payments stabilization programmes and regional development aid. CAF, though small scale with resources of only some \$200m, has been able to borrow this sum in the international market at a rate of 14 per cent over the last six years, while Chile, Peru and Bolivia have suffered the resulting intergroup deficits.

The second threat is the disintegrating political agreement. In 1969 all the Andean Pact members were economically nationalist and of varying hues of radicalism. Since then Chile and Bolivia have undergone a dramatic political change, but Peru also has moved towards the other end of the political spectrum. These factors, and the gen-

eral tendency to run out of momentum, may slow further progress. The three other essentially regional groupings—Caricom, the Central American Common Market, and the Organization of the River Plate Basin—have also been in constant danger of losing momentum. The first, which emerged from the Caribbean Free Trade Area (Cafeta) should have reached agreement on internal tariff reduction after outstanding difficulties had apparently been resolved in July 1976. Unfortunately other questions have arisen between the 13 members and no major breakthrough in terms of action has yet been made.

Some political success, however, has been achieved in negotiations over the Lomé Convention with the EEC. Barriers to progress in Caricom also centre on the differing size and level of development of its members with Jamaica, Trinidad and Tobago, Barbados and Guyana dominating the agreement. Other constraints are the small size of the overall market and the fact that nearly all the members have balance of payments deficits.

The Central American Common Market (CACM) has been dynamic and quite successful although obviously negatively affected by the El Salvador-Honduras dispute. Proof of its success is provided by farm product statistics, which show that in the 1960s intra-CACM imports rose by 14 per cent a year compared with import growth from third countries of only two per cent.

Unfortunately, this trend has since been reversed. But CACM's various new institutions, such as the Central American Monetary Reserve Fund and the Central American Institute for Research of Industrial Technology have at least been able to pursue sensible policies which allow hope for further development.

Finally, institutional progress has also been made among the Organization of River Plate Basin countries. The Financial Fund, agreed in principle in July 1975, started to operate last September with an initial paid up capital of \$20m for development projects, in the first place in the three smaller member countries, Bolivia, Paraguay and Uruguay. The great advantage of the organization is its flexibility.

Of a somewhat different nature are Ceca and Sela, the IADB, and the Latin American Federation of Banks (Felasban) whose principal aim is to coordinate and promote the work of, and the links between, the various credit agencies that operate in Latin America. Sela is unique in that it includes all members of Lafta, and CACM as well as several Caricom members, with an eventual aim of bringing the three associations under one umbrella.

It overcomes the disadvantage of the size by adapting a flexible approach and by encouraging bilateral arrangements. Its most successful spoken success to date has been the joint position adopted by its members at the Unctad IV conference in Nairobi in 1976; but its appeal to be particularly serious action. It has maintained a healthy dialogue on a variety of issues of importance to the region. It also looks prob-

able that Sela will play an important role in determining the policies and actions of the group of 77 countries.

The Inter-American Development Bank has also continued its substantial development work. There are two recent trends of importance: first, there has been a changing emphasis in the past year in the bank's lending away from the basic services towards increasing productive investment; second, while it appeared that the bank's activities were threatened by the Harkin Amendment on United States lending to countries that violated principles of human rights, there is at present little evidence of this happening. A loan for El Salvador has been abandoned and at least one for Chile delayed, but it now seems improbable that the bank will suffer severe constraints.

These agencies and organizations are the most significant and most widely known, but there are others of a specialist or more limited nature that continue to operate, and will no doubt expand and multiply. While it is important to recognize the steps that have been made, more obviously by such groupings as the Andean Pact and the IADB together with the real economic progress that such arrangements have allowed, the Latin American propensity to further multinational integration may be the reason for the survival of some of the organizations. This is particularly true where that other Latin American trait, the ability to endlessly discuss and discuss, has become dominant.

Impact of Harkin Amendment World Bank loans in 1979 financial year (US\$m)

	Total	Jeopardized by Harkin	Purpose
Argentina	200	140	Ports, railways
Brazil	640	380	Steel plants, railways, roads, intermediate credit institutions
Chile	110	90	Power plants, roads
El Salvador	35	35	Power plants
Haiti	23	15	Power plants
Nicaragua	22	12	Intermediate credit
Paraguay	33	7	Airports
Uruguay	39	—	
Total	1,102	589	

Source: World Bank Latin America Economic Report 14 October, 1977, volume V, No. 40.

On sharing a bed

continued from previous page

three loans totalling \$320m for electrical, road-building and industrial development. On these, the United States registered one favourable vote and two abstentions, each time making statements on human rights in Argentina. The World Bank, however, is now considering three more loans totalling \$480m for Argentine steel, construction, agriculture and hydro-electric development.

In the IDB the United States delegates has at least twice voted in effect against loans for Argentina. Five have been approved for a total of \$292m to be used for projects as varied as pulp paper plants and an underwater gas pipeline in Tierra del Fuego. Ten more loans totalling \$660m are under consideration.

These loans are crucial for a decapitated country such as Argentina, and the United States is facing charges in both institutions of trying to bring political considerations to bear on them. American delegates therefore weigh carefully whether loans will directly help the needy in countries where human rights are not respected, and they vote favourably if so. But they voted against an \$87m IDB loan for the Argentine gas pipeline, even though Buenos Aires would be without gas for a while in a hard winter without it. Whatever the United States criteria, its stand on human rights has not found favour in the IDB and the World Bank. Indeed, in the Inter-American Development Bank a United States vote against a loan probably ensures a majority for it.

The American Government's other weapon is its Export-Import Bank. Although not a development institution but a promoter of United States exports, it is subject to a congressional exhortation to pay heed to human rights.

Chile's access to Eximbank credits has long been restricted, originally because of the economic disaster under President Salvador Allende and now for political reasons. But Argentina has had no credits refused.

Since the coup the Argentine state railways have received \$20m, and a private construction company received a credit of \$3m to buy heavy earth-moving equipment. The chairman of Eximbank, however, is instructed to refuse Argentine credits, even if American exports are to suffer. In that case, Argentina would probably turn to Japan for export credits.

Economic Development in Mexico: The Outlook

After the severe difficulties encountered during the last months of 1976, the main task of the new Administration headed by José López Portillo was to restore confidence in the future of the Mexican economy and its political institutions, which have served the country so well for more than half a century.

Mexico designed a financial programme to gradually reestablish the internal and external balance of the economy over a period of 3 years, in order to reduce to a minimum the social and political cost which is the result of the magnitude required necessary involves. In support of this programme an Extended Fund Facility Agreement was negotiated with the IMF, and became effective on January 1st, 1977.

The policy measures adopted by the Mexican Government cover a wide range of instruments and represent a sustained effort to be carried out in the medium term. In these efforts, the central bank, Banco de México, has played a major role. Following the course charted by President López Portillo, Gustavo Romero Kolbeck the General Director of the bank, established as a key short-term objective of the central bank: to restore confidence in Mexican financial institutions, so as to stimulate a revival of savings as a prerequisite for supporting productive activities, as well as the non-inflationary financing required by the public sector. Long-run policy objectives are directed towards ensuring a more efficient and flexible banking system for Mexico, in the face of a changing international financial structure.

The management of interest rates and the use of legal reserve coverage funds are the basic instruments of monetary policy in Mexico. The latter is the main instrument used to influence the money supply in quantitative terms; but it is also used in a novel way as a qualitative instrument to allocate credit to priority sectors. The management of interest rates is the main external policy instrument and, accordingly, the differential with respect to interest rates prevailing in the rest of the world is a key factor in the widening of the central bank's role in the face of a changing international financial structure.

On May 23rd, Banco de México introduced a flexible policy on interest rates, by which interest rates payable on peso time deposits rose sharply—from 13.42 to 16.52 per cent—which, coupled with favourable tax incentives, increased net yields for investors while, at the same time, the maturity range for time deposits was widened to better accommodate the needs of savers. It should be mentioned that the interest rates differential on comparable six-month financial instruments between Mexico and the financial markets in New York shows a nominal gain for the former of around 9 per cent for the individual investor. As a result of maintaining a flexible interest rate policy at sufficient levels to attract internal and external savings, the response of savers to these measures has been most favourable. Thus, ten peso liabilities during 1977 have grown by about 65.3 billion pesos (\$2.9 billion), out of which 20 billion pesos (\$900 million) have been deposited in the bank, and two per cent deposits, reflecting increasing net yields to investors. The confidence of savers in the public management of the economy as well as the resulting expectations for a brighter peso.

The legal reserve requirements were reduced, on average, from 55 to 39.5 per cent in April to increase the availability of funds for selected fields of the private sector. Also, with the same purpose of increasing savings, Banco de México established a "swap" mechanism, by which Mexican companies that obtain dollar credits from abroad make a dollar deposit in a Mexican commercial bank which, in turn, deposits the full amount with the central bank. Upon receipt of the dollar deposit, Banco de México opens a rediscunt line in pesos to the commercial bank which, in turn, grants a peso credit to the private firm. Upon repayment of the peso credit, the private firm obtains the same amount of U.S. dollars deposited at the bank in exchange of the date of the original deposit. It should be emphasized that these "swap" operations are not granted automatically, but must be reviewed and approved on a case-by-case basis by the central bank, which favours operations intended to finance investment. Through this mechanism, firms may obtain dollar credits and be protected against exchange risks. To date, Banco de México has received applications for this special programme of more than \$1 billion of which \$500 million dollars has already been approved.

Inflation hampered Mexico's economy during 1976. Since the peak reached in October of that year, when consumer

prices rose by 5.6 per cent a month—an increase which reflected the exchange rate depreciation in September of 1976—prices have shown a favourable trend. The latest available figures show that substantial progress has already been achieved, since the average monthly increase in the Consumer Price Index from May through September was 1.5 per cent. Last October, the Consumer Price Index rose only 0.6 per cent and the Wholesale Price Index decreased 0.2 per cent.

Monetary policies have been coupled with a variety of other economic instruments, leading to the adjustment of the economic system. A reflection of this is the remarkable strengthening of the external sector of the Mexican economy. For the first three quarters of 1977, the current account deficit fell from \$2,484,000,000 in 1976 to \$1.1 billion. By the end of 1977, it is expected that this deficit will reach about \$1.6 billion, compared to the 1976 deficit of \$2.0 billion. The reduction of the current account deficit has led to a decline in the rate of which Mexico has resorted to financing from abroad during 1977. As a result, net external borrowing for this year will be about 50 per cent less than that registered during 1976.

All these factors have contributed substantially to the stabilization of the Mexican exchange rate which, since March, has fluctuated no more than 2 per cent with respect to the U.S. dollar. It can be said that, during the current year, Mexico entered a mature floating exchange system.

Worthy of mention also is the fact that Mexico's proven oil reserves now stand at 16.9 billion barrels, with estimated reserves amounting to 29.2 billion barrels, and likely reserves of up to 32.0 billion barrels. For the exploitation of these resources, Petroleros Mexicanos (PEMEX) has planned capital expenditure for the period 1977-1982 of about \$15 billion. This will allow PEMEX to satisfy internal demand and be able to export more than about 200 thousand barrels a day in 1977 to over 1.1 million barrels a day by 1982. The oil boom in itself, and because of the high cost of this sector with other areas of the economy, particularly heavy industry, petrochemicals, fertilizers, etc., should ensure that, in the medium-term, Mexico will be able to achieve high rates of growth and employment. It should be emphasized that Mexico's oil sector, as a producer but not a consumer of oil, has a well diversified economy which includes a large and dynamic manufacturing sector, a growing hi-tech industry, mining, tourism, among others.

At present, the outlook for the Mexican economy during 1978 is most favourable. The Government Budget for 1978 is based on a 10 per cent increase in the real growth rate of the GNP. The central bank will gear its monetary policy to provide an adequate availability of funds for investment to the private sector. Meanwhile, external indebtedness will be in accordance with the debt capacity of the country, and inflation will continue to subside.

In order to fulfil the long-run requirements of the Mexican economy, the financial and monetary authorities are aware of the need for a more competitive and flexible financial system. Until now, Mexico's financial authorities have been using the traditional techniques of monetary control, such as varying legal reserve requirements and selective credit controls, and instituting a more flexible interest rate policy. The development of public finances and a more efficient monetary policy has produced a new financial instrument for Mexico—the Treasury Certificate. This new instrument will allow the central bank to add, as a technique for monetary control, open market operations, whereby it will be possible to affect the cash basis of the banking system and the structure of interest rates—existing, at the same time, a stable secondary market in Treasury Certificates and an effective instrument for financing short-term needs of the government.

Another development that has been taking shape is the emergence of multiple banking institutions. This new type of institution was established through the merger and consolidation of different types of institutions: commercial banks, savings and loans associations, investment banks and mortgage credit institutions—into one multiple service institution with higher capital assets, greater competitiveness position and a broader base for deposits, security issues and investment diversification of its resources.

The country's banking and financial sector has played an important role in economic development. The past years have served to reaffirm its strength and the lessons learned from it will not be lost. The Director of Banco de México has repeatedly stated that the extremely favourable future of Mexico lies within the policy of economic development that stimulates the productivity, efficiency of wider employment and social justice.



BANCO DEL PICHINCHA

With 71 years of experience, is the oldest and leading commercial bank in Ecuador.

Correspondents in the main commercial cities of the world.

Main Office/
International Department
P.O. Box 261
Cable: PICHINCHA
Telex: 2361 BAPICA ED
Phone: 217803

Principal Branches

Guayaquil
P.O. Box 5881
Telex: 3311 BAPIGU ED
Phone: 526830

Manta
P.O. Box 19
Telex: 6172 BAPIMA ED
Phone: 612844

Nigel Bance looks at the counter-attack being mounted against inflation

Two successes emerge from the crisis

Inflation rates are rising in almost every Latin American country with the notable exceptions of Argentina and Chile—the traditional hyper-inflators.

Chile has been the success-story, in strictly economic terms, with the annual rate of inflation falling below three digit level for the first time in five years. Argentina is also on the recovery path from a near 500 per cent level in 1976. Elsewhere in Latin America the annual rates of inflation are above the 1976 levels.

Hyperinflation in South America had its origins in the 1930s. The countries specialised in primary production for export created economic structures with a highly inflationary bias. Cyclical crises in these countries led to a fall in export volume, poor terms of trade, massive capital outflows and the restriction of foreign credit lines.

The crises could not be solved by mobilising gold and foreign currency reserves. The immediate alternative was to devalue the currency which in turn

led to an increase in the money value of exports, but at the same time increasing the value of imported goods.

Since the 1930s Latin America has followed this pattern and used monetarist methods such as credit restrictions to try to bring inflation down. With real wages in most countries at near subsistence level, Latin American countries have had no choice but to use monetarist methods.

Most Latin American countries failed to allow for rising domestic demand of agricultural produce. While

exports rose, domestic demand was not satisfied by domestic supply. Given the rapid rise in the population a corresponding increase in productivity was required if output was to keep pace with domestic demand.

The existing communications and services revealed the inadequacies of meeting the requirements of production. Warehouses and silos proved inadequate to meet domestic consumption. Although there is an abundant supply of labour in Latin America it lacked

the skills necessary for industrial activities. In many instances the labour force had to move straight from technically backward agriculture to the factories.

The rising cost of investment and government's over-emphasis on industrial investment at the cost of reduced profitability of the agricultural sector. This factor was prominent mainly in Argentina in the 1940s and the early 1950s.

Higher growth rates in economic activity just exacerbated inflation. In Brazil, for example, high inflation rates accompanied high growth rates in real gross national product. In the 1960s in Brazil high growth was assisted by substantial Treasury deficits, wage adjustment disproportionate to the increase in productivity and high bank advances to the private sector.

Overall the excess of domestic demand over supply has produced demand inflation. In other instances excessive wage increases have been blamed for the emergence of cost inflation. Both systems have occurred

in the last three decades, particularly in post-war years.

Mexico is perhaps the only country over the years in which inflation has been completely controlled. Since 1955 the cost of living index has remained fairly stable with the rate being close to that of the United States. However, this relationship is now ended as inflation rapidly moves above the 30 per cent mark, which is almost double the 1976 level.

In an attempt to curtail rising inflation, the Portillo Government is rigorously adhering to the limit on the growth of public sector foreign debt and government spending and hopes to reduce the budget deficit from 8.2 per cent to 0.5 per cent of gnp by 1979.

In Argentina, the forecast by Señor Christian Martínez de Hoz, the Finance Minister, that consumer prices will not rise by more than 107 per cent in 1977 will not be met, but his economic policies have gone a long way to solving the soaring inflation in Argentina. The 12-month rate has been dropping from its peak of 777 per cent in May 1976, and declined to a low of 137.5 per cent in May 1977.

The present rates are in contrast to the monthly rises of more than a year ago. In March 1976 consumer prices rose 38 per cent compounding to an annual rate of 4,800 per cent. Since the low in May the rate has been rising—148.8 per cent in June, 156.3 per cent in July, 160 per cent in August and 164.9 per cent in September. In the first nine months prices have risen 95 per cent, equivalent to an annual rate of 143 per cent.

It is imperative that consumer prices continue their fall, as real wages in Argentina are at their lowest levels since the 1930s and real wages have to rise in Argentina to stimulate industrial production.

In Chile, the recovery programme launched in April, 1975, has continued to be effective, producing a stronger balance of payments, a resurgence in farm production, a reduced government deficit and a

decline in the rate of inflation.

Price stability is being achieved and workers are seeing an increase in their wages. The cost of living index has fallen to its lowest rate for five years, but criticism remains as to the construction of the index. Among the items it includes caviar and liqueur.

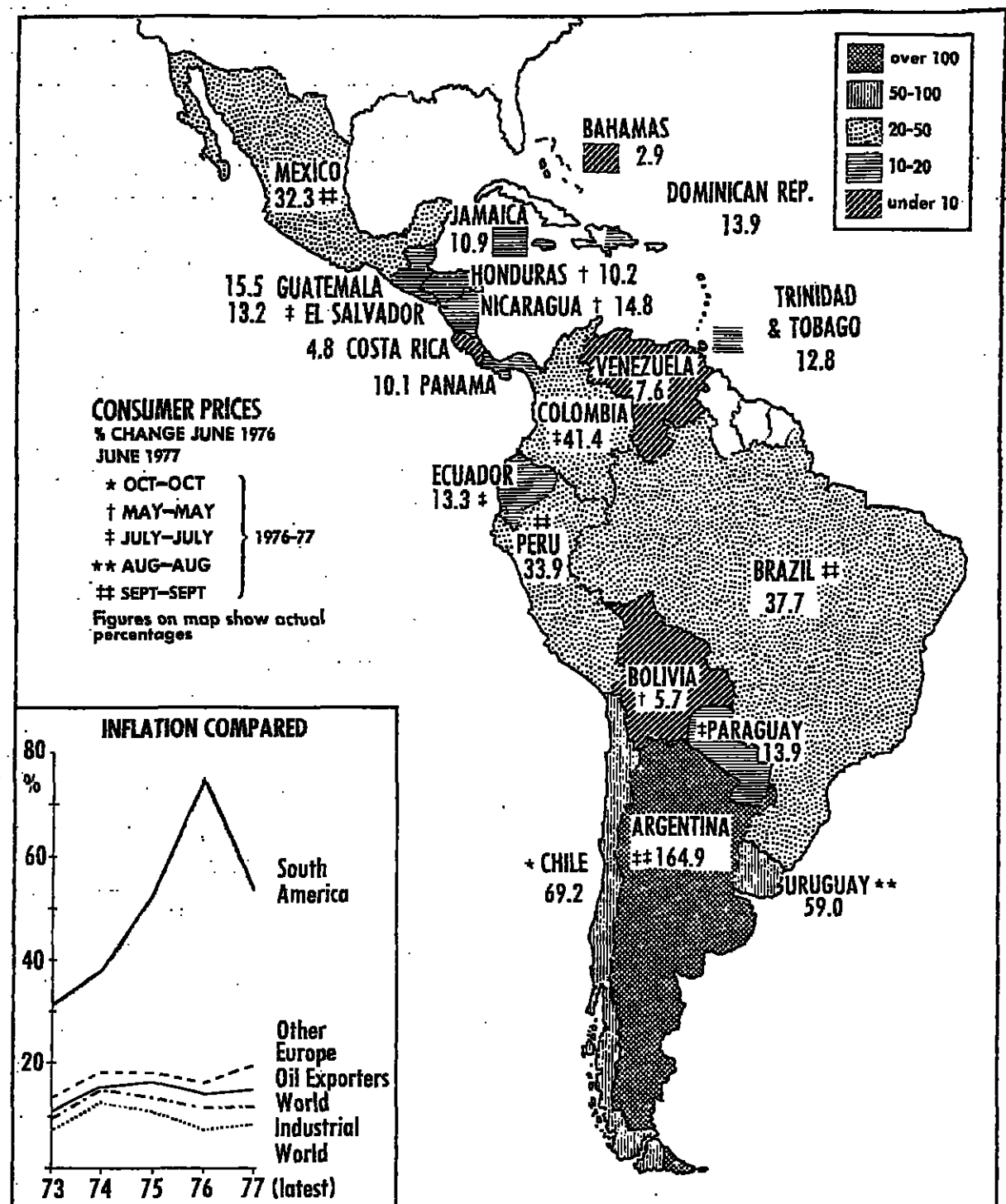
Increased wealth through oil revenue has brought inflation to Venezuela that is fast becoming out of control. The cost of living index which measures prices of fixed goods and does not include rent which is now a significant proportion of the household budget. It is generally estimated that the real inflation rate is double the official one.

The Government introduced austerity measures at the beginning of July bringing in credit restrictions and price controls. The booming property market and the spiralling money supply will continue to push up prices, so too will the rising cost of imported foodstuffs necessary to compensate for the bad harvest last year.

Increased foreign debt is mainly responsible for the increase in inflation in Bolivia. The country really lacks the communications and services for all the projects being planned. And Bolivia's inflation would be worse if it were not for the flow of contraband goods into the country across its five borders. Contraband accounts for a tenth of all imports. The Government expected 15 to 20 per cent inflation this year but the rise will be well above forecast.

Paraguay, too, has demonstrated that smuggling can be an important factor in the control of inflation. It has been so successful in holding down inflation through smuggling that the Paraguayan merral has been fixed at 126 guaraní to the US dollar for the past 17 years. However, inflation is back to a double-digit level and the trend is a rising one.

High coffee prices are exacerbating inflation in



Percentage change in consumer prices

Long-standing inflation	1965-1970	1972	1973	1974	1975	1976	1977**
Chile	26.0	79.0	351.6	504.7	380.2	229.5	69.2 (October)
Uruguay	59.9	78.5	97.0	77.2	83.4	50.9	59.0 (August)
Brazil	29.0	16.7	10.9	27.2	29.0	41.7	37.7 (September)
Argentina	18.3	57.8	61.5	23.5	486.2	486.2	164.9 (September)

Irregular inflation	1965-1970	1972	1973	1974	1975	1976	1977**
Bolivia	5.9	6.5	31.6	62.8	8.1	4.6	5.7 (May)
Colombia	10.0	14.3	22.8	24.4	28.1	17.4	41.4 (July)
Ecuador	4.7	7.9	13.0	23.3	15.7	10.6	13.3 (July)
Peru	9.8	6.9	9.5	16.8	23.6	33.1	33.9 (September)

Recent inflation	1965-1970	1972	1973	1974	1975	1976	1977**
El Salvador	1.1	1.5	6.4	16.8	19.3	7.1	13.2 (July)
Venezuela	n.a.	n.a.	4.2	8.3	10.4	7.6	7.6 (June)
Paraguay	1.3	9.2	12.7	25.2	6.8	4.6	13.9 (July)
Mexico	3.5	5.0	11.3	23.0	17.0	16.0	32.3 (September)
Dominican Rep.	1.2	7.9	15.1	13.1	14.5	7.9	13.9 (June)
Guatemala	1.5	0.6	13.8	16.9	14.0	10.8	15.5 (June)
Costa Rica	2.5	4.7	19.2	22.0	21.0	3.7	4.8 (June)

* Annual average rate; ** 12-month rate—latest month.

Colombia. Dollars are pouring

into the country from coffee sales and are going straight into circulation and thereby fuelling inflation.

Exchange controls are now seen as the means of curbing inflation. A revelation of the Colombian peso is also possible. The Government has introduced an exchange certificates system to control the flow of dollars, but it has not met with too much success. The supply of dollars is unlimited in Colombia.

According to the World Bank Brazil underestimates its inflation rate. It is no three years—up 1.3 per cent to 39.8 per cent over the

year and Señor Mario Hen-

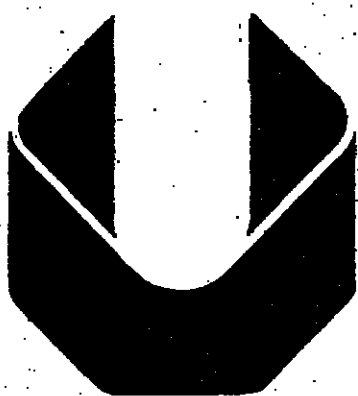
rique, the Finance Minister, predicted that inflation will be down to 37 per cent by the year end. A rise of 1.8 per cent in September brought the January to September increase to 29 per cent, equivalent to an annual rate of 40 per cent.

The outlook for 1978 is little better. The Bank of America sees prices rising by 35 per cent, and Chase Econometrics, a branch of Chase Manhattan, forecasts 35.5 per cent.

Peru has told the IMF that its inflation will not exceed 20 per cent in 1978 rate had risen to nearly 60 per cent by the end of 1977. It now seems that

the IMF and the international financial community will bail out Peru, which at one stage this summer looked to be defaulting on its foreign debts.

With Argentina and Chile apparently bringing inflation under control, albeit slowly, the only country now really out of phase is Brazil. From 1973 inflation rate of nearly 100 per cent has never been arrested. Last year the rate halved to 50 per cent but by August this year the annual rate had risen to nearly 60 per cent with no signs of slowing.

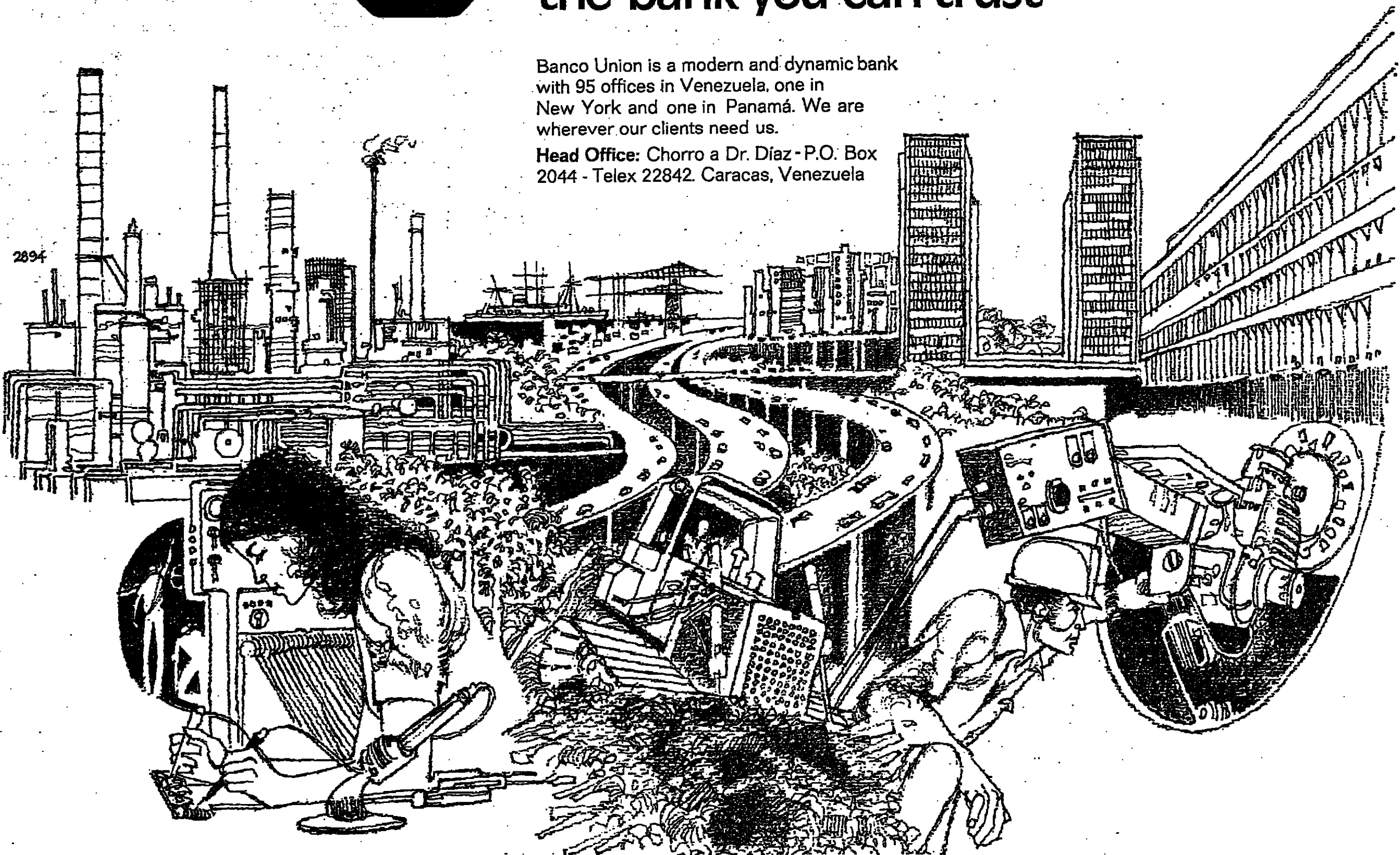


BANCO UNION

the bank you can trust

Banco Union is a modern and dynamic bank with 95 offices in Venezuela, one in New York and one in Panamá. We are wherever our clients need us.

Head Office: Chorro a Dr. Díaz - P.O. Box 2044 - Telex 22842. Caracas, Venezuela



On this and the following two pages correspondents analyse the economies and other aspects of 11 countries

Don't cry for Argentina

by Andrew Tarnowski

October produced Argentina's worst monthly inflation for the year at 12.5 per cent, and bankers expect the total to be about 170 per cent—a far cry from the 100 per cent originally forecast by the Government. It also brought widespread public sector strikes which gave Dr José Martínez de Hoz, the Economy Minister, his worst moment since the military coup in March 1976.

However, political considerations apart, neither he nor foreign bankers and businessmen are dismayed by the way the economy is going. The 1976 inflation total of 350 per cent has been halved, while a certain over-heating of the economy has been permitted to keep unemployment down to 3.3 per cent.

Other achievements include an agriculture-led export boom which has swollen foreign reserves to \$4,000m—the equivalent of a year's imports—compared with about \$50m and imminent default on foreign debts before the coup.

A 7.9 per cent third quarter gnp growth over the same period of 1976 has been typical of periods after deep recessions, but was also encouragingly up in constant terms on the same period of 1974, the year before Argentina's recession started. The advance was noticeable in industry, as well as agriculture, with September vehicle and crude steel output up 48.8 and 41.5 per cent respectively over September, 1976.

However, the 1977-78 harvest and agricultural exports will be down on last year's record because of drought in some areas, uncertainty about world grain prices and the high cost of finance. Officials believe, however, that production will be down only about 7 per cent.

Argentina's international credit rating is excellent, but private foreign investment remains disappointingly low because of political uncertainty and the complex bureaucratic provisions of the Government's otherwise encouraging foreign investment law.

The results of tenders for risk contracts to explore for oil in Tierra del Fuego and the southern continental shelf are not yet known. Foreign companies are reportedly reluctant to accept payment in dollars, as offered, rather than in disposable cruises.

The central economic question remains the budget deficit. Dr Martínez de Hoz is battling to honour his International Monetary Fund commitment to reduce it to 3 per cent of gnp, compared with more than 13 per cent at the end of the Perón period. A liquidity squeeze and budgetary hold-down has been imposed since July, and it appears the Government will be near its target. The 1978 target will be 1 per cent.

Official expectations, shared by some bankers, are that inflation will thus fall to 95 per cent in 1978, with monthly rates at 4 per cent by December.

The squeeze, however, is sending the economy back into recession. The high cost of finance—which reached 14 per cent monthly in October—increased and increasingly efficient taxation (tax revenue is up 47 per cent in real terms this year), the hold-down on public sector wages, restriction of export credits and the opening up to imported consumer goods, have also contributed.

Car production led the slump, falling 7.4 per cent in October, and one banker estimated that industrial output began dropping at a rate of 20 to 25 per cent in mid-October.

He said the slow down would touch the bottom in January and no recovery was foreseen until April. "From the Government's point of view it is a desired recession to damp down inflationary expectations. If the economy heats up too fast in the second quarter of 1978 it will pump in the coolers again. The aim is steady growth, not sharp variations."

But the recession is likely to intensify Dr Martínez de Hoz's political difficulties, underlined by the October strikes, and ever-present in the bitter nickname "Martínez de Hambre" (hunger) for his wage-pegging policies. Argentina's recovery is taking longer than some people expected, and workers are increasingly impatient with the un-



Argentine exports are likely to reach a surplus of \$1,400m by the end of the year largely because of the excellent profits from the grain harvest which totalled a record 11 million tonnes for 1976-77. The picture shows maize being harvested on an estancia at Rosario, near Buenos Aires.

accustomed harshness of their lot.

While bankers are solidly behind the minister ("we feel he is excellent, capable, and with the military behind him we may reach the goal of defeating inflation," one said), not all are confident that he can indefinitely survive the social and political pressures, particularly since 1978 will bring no spectacular economic advances, but a temporary weakening of foreign trade performance because of reorganization of the sector.

Bankers, concerned about continuity in economic management, admit they felt a shiver of fright in October.

Whenever there are states in the public sector we feel uncomfortably that there may be some military men putting pressure on Martínez de Hoz," said one. "But whenever these crises occur the military are eventually forced to back him," he added.

Another banker was less confident: "Martínez de Hoz gave way to pay demands in October. Perhaps the situation will be repeated in January or March and he may give in again. Then things could snowball, and I doubt whether inflation would be controlled."

Brazil: a branch on every corner

Brazil is a banker's paradise. Industry and commerce have borrowed heavily in recent years to make the investments needed to keep pace with the growth of the economy at a rate of between 6 and 10 per cent in most of the past 10 years.

An industrial slow down has forced many firms to cut production, but they have not been able to reduce their repayments to the banks. Most Brazilian firms that have managed to match the fast growth are now indebted to beyond 50 per cent of their capital value. Many are above the 80 per cent mark. In the absence of a vigorous stock market they have had to turn to the banks for their cash. It would not be unfair to say that the banks now own most of Brazil.

There has been a tremendous concentration of bank funds in Brazil. In 1950 there were 350 private banks; now there are just over 100. Even this figure is misleading. There are still many tiny banks with just one or two branches, but the top 10 hold more than 70 per cent of deposits. The Government has intimidated the medium-sized banks that they must either grow or be taken over. Eventually there will probably be just 10 or 15 private banks, controlling almost all the business.

Brazil is undoubtedly overbanked, and there seems to be a branch on every corner. Private banks are not now allowed to open any new branches except in pioneer areas where no bank exists. Foreign banks can no longer expand either; they can only open a new branch if they close an existing one.

In the present tight financial situation banks are flush with funds, but there are few outlets for development programmes. Many of the Government's chief projects, such as railways, dams, power stations and steelworks, have been slowed right down. The banks are therefore now putting vast amounts of cash into the "open" or overnight market.

Banks are really lending money to their own customers, who find themselves unable to repay their commitments to the banks from their own resources on the day payment is due and who have to borrow for short periods at high rates of interest. As a result, banking profits are almost embarrassingly high, but banks are trying all sorts of subterfuges to prevent this appearing to be so. The banks do not pay high dividends, as shareholders' capital, like that of most of their clients, is not very significant.

Until a few years ago the Brazilian banking system was still rather suspect. Several failures and scandals occurred, the most famous being the Banco Hales affair of 1974. The Government has had to pay out more than \$300m in compensation to banking clients during the past few years. Its more recent policy has been to force all banks or bankrupt banks into a merger with stronger banks.

The federal authorities now try to maintain as close

a watch as possible on banks, whose books are all inspected monthly by officials from the Central Bank.

Like the private banking sector, the state system is complex and strong. It is basically a three-part system. The Central Bank dictates monetary policy; the Banco do Brasil operates as a major commercial bank and does most of the state's business. The Banco do Brasil is also an agricultural development bank which guarantees support prices to farmers.

It has 1,700 branches throughout Brazil and 47 abroad, including one in London. It marks the Brazilian presence on the world banking scene and serves to attract funds for the country's development. It is now one of the largest banks in the world, as well as being very profitable. It has branches in all the major countries of Latin America, and Brazil's business has boomed in recent years.

More than 90 per cent of Banco do Brasil's branches within Brazil are in small towns of the interior. Despite its size there are some "conservative" in its growth. Government policy is to keep the private sector as strong as possible in all activities. There is deep ambivalence in this, however. It is often conveniently forgotten by the ardent defenders of private enterprise that the private sector would hardly exist but for massive state aid. There is little difference in organization and commercial behaviour between the state and private concerns. Losses are carried by the state in both cases but profits of private industry accrue to the individuals who nominally own them.

There is also a complex development bank structure. The National Development Bank channels funds through development banks in the various states, lending money for important industrial projects. Each state also has its own bank. There is also a major development bank for the north-east, which still lags far behind the rest of the country economically. This bank has recently opened branches in São Paulo and Rio de Janeiro to compete for funds in these money markets.

Banks have several unusual roles in Brazil. Tax returns and accounts for all utilities, due monthly, are payable through the banks. They compete strongly for this lucrative business as they are able to hold on to large stocks of money for several weeks. They can thus make loans on the strength of these predictable funds.

The banks are also to become agents for the purchase of stocks and shares by private buyers. An effort is to be made to increase the capitalization of private enterprises by this means, and the banks have been chosen as the appropriate medium to reach the potential small savers, many of whom call at a bank at least once a month to pay a bill.

Bolivia: growth hindered

by Patrick Knight

The Bolivian economy has grown at a rate of between 6 and 7 per cent in the past few years. Exports of petroleum products and agricultural goods now account for as much as minerals, and have ended the country's dependence on tin.

But growth has been somewhat hindered by a weak and rather disorganized banking system. There are now 17 commercial banks competing in tiny La Paz, a city of half a million inhabitants. Most of them are foreign owned and even more foreign banks are anxious to join them.

The principal state bank, the Banco del Estado, has been short of funds for many years and has not been able properly to stimulate the economy. Other state banks operating in two specific sectors, mining and agriculture, have both been in difficulties through making loans which they have not been able to recover.

The Mining Bank lent to small, unprofitable mines, while the Agricultural Bank overextended itself with loans to farmers in the east of the country, which is now being opened up for sugar, cotton and soya production. Costs of financing machinery and ground clearance combined with the low prices now being paid because the great distance from any sizable market, have made agriculture disappointingly unprofitable for the time being.

Overall, the economy has performed well during the past few years, although Bolivia is still one of the poorest of the Latin American countries. A French geologist on loan to the Government told me that Bolivia was potentially the richest country of the Andes, having massive mineral wealth.

It is also now an important exporter of natural gas; it sells 150 million cu ft a day to Argentina and plans to sell 240m cu ft a day to Brazil. Some of its high quality oil is exported to neighbours, but it also enables it to subsidize transport in a country of sparse population and vast distances.

In common with Paraguay and Uruguay, Bolivia operates a free money market, and deposits may be held in foreign currencies. The peso was devalued by 60 per cent in 1956, but since then the parity has not changed. The country's relative stability, and the fact that residents are allowed to maintain accounts in foreign currencies, with a guarantee that they will not be affected if there is a new devaluation, has encouraged a significant flow of funds back to the country.

Bolivia's three chief neighbours, Brazil, Argentina and Peru, all maintain an important banking presence in La Paz, though a limit is expected to be placed on overseas banking within the country soon. The local system is being overwhelmed. Brazil and

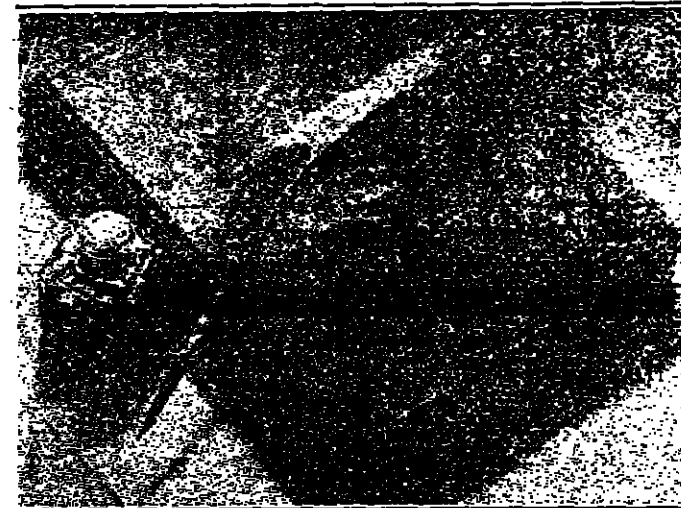
Argentina continue to vie with each other to win Bolivia into their camp. Brazil's trade with Bolivia has risen from 2 per cent of the whole to 20 per cent and it is now also its biggest creditor, after the United States. Argentina, which has been displaced by Brazil, is anxious to reactivate some of its projects.

Bolivia is also a member of the Andean Pact, and has received funds from the other four members. It has been allocated monopoly rights of production for some equipment, guaranteeing a market 25 times the size of its own 4,500,000, most of whom have a low purchasing power. Because of its inadequate financial institutions, and the almost total lack of trained people, Bolivia has not been able to fulfil its pact obligations, and other member countries are now manufacturing these goods.

Despite its problems, Bolivia made a trade surplus of \$9m in 1976, and has balanced its trade so far this year. It has the privilege of producing its own oil. Although it is not enough to allow it to make massive imports of capital goods, it is enabling it to build up its industry.

It is negotiating with the Brazilians for the sale of gas, in exchange for the financing of a steel plant and other investments. The Brazilians are reluctant for this project to proceed too quickly at the moment, however, as they have underwritten the country's steel, which they now do not really want.

The longest and most successful story of the Brazilian financial market is 143 years old.



The abolishing of slavery, the founding of the republic, the drought of 1899, the turn of the century, the first world war, the depression, the atomic bomb and the second world war are all examples of the political, economical and social disturbances of which Brazil went through, since the year of the founding of Banco Econômico, back in 1834.

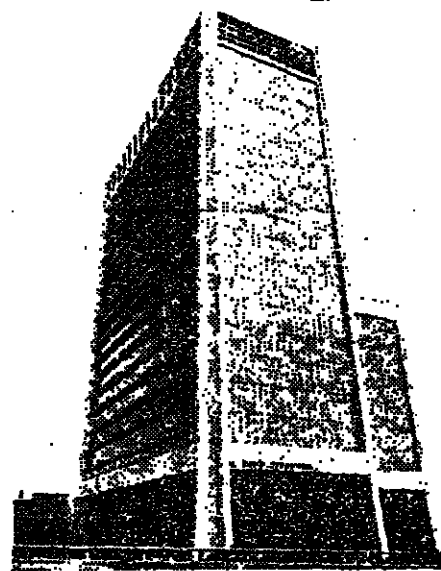
During these sometimes turbulent years, many financial institutions came and disappeared or simply went out of business for a period (this last example even happened to the bank of the republic).

It can be said that the Banco Econômico was the only bank that not only survived but even developed, never once failing to meet its engagements, year after year, for one hundred and forty three years.

In the whole world there are not many corporations that can boast of such a long and successful story, in or out of the financial market.

ECONOMICO
O banco da gente.

if you trade with Mexico...we back you!



Buy aggressively in the Mexican market with our backing. You will always have the advice of top experienced executives in international trade.

Multibanco Comermex
WE BACK YOU!
Plaza Comermex, México 10, D. F.

OWN A CORPORATION IN PANAMA

For information write to:
ESTUDIO CONSULTIVO FINANCIERO, S.A.
P.O. Box 2070,
Panama 1, R.R.

We incorporate and, if required, manage corporations at reasonable terms. Confidential ownership respected. "Aged", unused, corporations available. Postal and commercial services arranged.

anything and everything

in Venezuela is very much easier with BANCO PROVINCIAL S.A.I.C.A.

In the Banco Provincial you will find experts to help you solve any banking operation whether national or international.

BANCO PROVINCIAL
S.A.I.C.A.
Capital, Bs. 75.000.000
a Venezuelan Bank associated with Credit Lyonnais

Su punto de apoyo

Address: Head Office: Marrón a Pelota No. 10
Edificio Provincial - Caracas
P.O. Box: Apartado 1269 - Zona Postal 101
Caracas - Telephones: 561.45.11 - 561.41.22
TELEX: 22837 - 21501 - 22660

Finservica:
your new way in to business and investment in Venezuela

Finservica-Corporación Finservica C.A.—has been recently formed in Venezuela to specialize in the following activities: promotion of industrial, real estate and tourism projects, and their relative financing. Finservica can offer all main investment banking services and act as advisers to British or other European companies who wish to invest or do business in Venezuela. The services offered include: introduction to the Caracas Stock Exchange, corporate finance, public and private placement of shares, and general financial and economic advice.

For further information in Europe please contact any of the international shareholders listed below:

Venezuelan shareholders:

Banco Latino C.A.
Banco del Centro Consolidado C.A.
Banco Hipotecario de Occidente
Banco Hipotecario Consolidado
Sociedad Financiera Amerián C.A.
Sociedad Financiera del Centro C.A.
Sociedad Financiera Nacional S.A.
Sociedad Financiera Atlántica S.A.
Latimer de Inversiones

International shareholders:

N. M. Rothschild & Sons Limited London
Banca della Svizzera Italiana Lugano
Banque Française et Italienne pour l'Amerique du Sud S.A. "Sudameris" Paris

Corporación Finservica C.A.
Finservica

Edificio Sudameris, piso 12, Oficina 1204.
Avenida Urdarraz, Esquina Fuerzas Armadas.
Caracas 101, Venezuela. Tel.: 51.06.75-52.02.13
General Manager: Dr. José Vicente Rodríguez Azuar

WE SEE THE ECONOMY CAN SERVE

your international successful bank. Our international as booming Venezuela. With us you can let us serve you. We are with you.

banco

Chile: improving story

by Peter Strafford

The Chilean economy is beginning to pull out of its long period of recession. After several years of austerity policies, which had their most drastic effects in 1975, the military government has increased public expenditure this year and is trying to encourage growth.

Inflation has been brought down from the high levels it reached in the years before and after the military takeover in 1973—at one point it was running at a rate of 800 per cent a year—and is expected to be between 60 and 65 per cent by the end of this year. There is hope of bringing it even lower, to a level of 20-25 per cent next year.

Even unemployment, which was pushed up to about 20 per cent by the effects of government policies, is down to 12 per

cent according to official figures—though this does not take account of people on the official Minimum Employment Programme, whose wages are barely at subsistence level. Here, too, it is hoped that the improvement will continue next year, with the level dropping to 8 per cent.

The improvement has been brought about by rigidly orthodox policies along the lines of those advocated by Professor Friedman. One of the main objectives has been to abolish the fiscal deficit in local currency, and this has been so successful that the deficit, which amounted to 33 per cent of expenditure in 1974, was done away with entirely in 1976; there was even a surplus of 4 per cent.

Among the measures taken to reduce public spending were a 25 per cent cut in the number of public employees, a reduction of

subsidies to private companies, many of them assigned to reduce the price of food, and the elimination of transfers to enterprises in the public sector, often designed to reduce the cost of transport.

Many of these enterprises were companies that had been taken over by the Allende Government, and most of them have now been sold back to the private sector. The railways, public transport in Santiago, and the Post Office remain in state hands, and there are being run on business lines, with increases in tariffs.

There has been a radical change in economic policies since the military took over, in addition to the severe repression of political opposition. The policies of nationalization and increasing state intervention have been reversed—apart from the takeover of the large American copper companies,

which remain in government hands—and liberal economic principles are being followed.

The main price has been paid by the poorer sectors of Chilean society, such as the shantytowns on the edge of Santiago, where unemployment is far above the national average and there is widespread malnutrition. But discontent has been kept in check by the banning of strikes, trade union activities and political opposition.

There has also been hardship for many Chilean companies, because the military government has decided to do away with the protectionism that has been traditional for many years, and open the country to the competition of foreign imports. Tariffs have been sharply reduced, and there have been bankruptcies among companies which

could not meet the challenge.

The Government has lifted the restrictions on foreign banks, most of which were brought under Chilean ownership by the Allende Government, and some are returning. It has also introduced liberal legislation for foreign investment, which it is keen to attract, particularly for new copper mines and oil exploration.

Externally, Chile is heavily dependant on the price it can get for its copper. Last year it had a \$455m surplus in its balance of payments, though this was outweighed by the need to find \$1,000m for repayment of foreign debt. But Chile has succeeded in reducing its foreign debt and now that it has regained the confidence of the international financial community, it has been able to raise the necessary loans.

Colombia: beans mean strife

Colombia was given a jolt by the one-day general strike called by the unions on September 14. This was the first time for many years that the four main union confederations, which range from conservative to pro-communist, had agreed to take common action in this way.

The fact that they did reflected discontent over rising prices, particularly of food, and over the Government's refusal to grant the wage increase called for by the unions. The unions asked for a 50 per cent increase across the board, but the Government, even after the strike, has not been prepared to go beyond a 20 per cent increase in the minimum wage.

Tropically, Colombia's difficulties derive from what other countries would regard as a sign of success—the increase in its exports. As a result of the

boom in world coffee prices, the cost of living in Colombia has been cut right back in the past few months. But the unions are still having to live with the increases of the past year, and from the nature of the country's economic structure these have hit the poorest hardest.

The Government has failed to find ways of insulating the coffee income from the rest of the economy.

Colombia has a history of violence and the September strike was an indication of how the situation could deteriorate. About 20 people were killed in rioting in Bogotá and elsewhere; several hundred were injured with about 5,000 arrested. The strike was followed by the resignation of several members of the Cabinet and there have been statements of sympathy for the unions' demands.

In fact, the increase in

money has been pouring into Colombia; even now, exports has passed its peak, it is still well above the figures for a year ago. All this money has had inflationary effects on the Colombian economy since the Government has failed to find ways of insulating the coffee income from the rest of the economy.

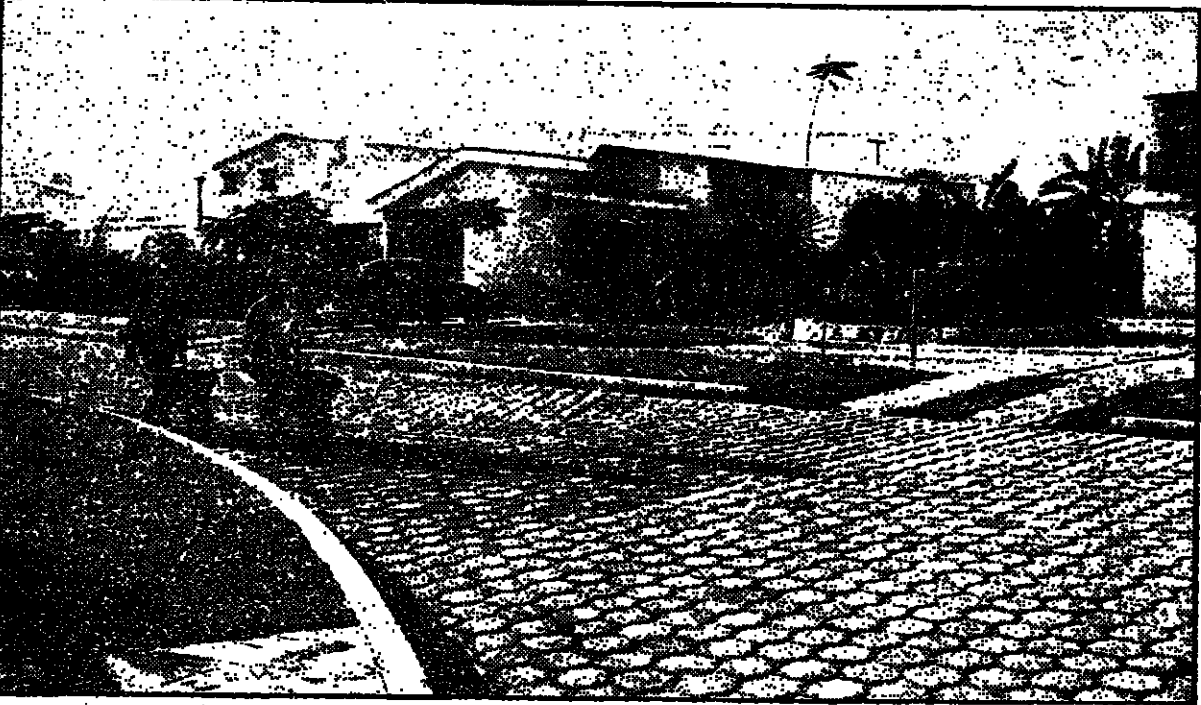
Colombia has a history of violence and the September strike was an indication of how the situation could deteriorate. About 20 people were killed in rioting in Bogotá and elsewhere; several hundred were injured with about 5,000 arrested. The strike was followed by the resignation of several members of the Cabinet and there have been statements of sympathy for the unions' demands.

In fact, the increase in

foreign banks. But a law passed in 1975 required the seven foreign-owned banks—including Lloyds Bank International—to reduce the foreign-owned part of their capital to 49 per cent, with the remaining 51 per cent going to Colombian owners.

The decision came as a shock, especially as the process had to be completed by the end of 1978, but all seven banks are now conforming. The process will in fact make the banks bigger and more powerful since they have tended to retain all their existing capital and make new issues to raise the required Colombian share. Some of them have chosen to bring in Colombian banks. Lloyds Bank International decided that it wanted to retain its management, however, and has come in with other types of financial groups.

P.S.



The World Bank has recently made a \$42m loan to Mexico for part of the second-stage development of a new tourist resort at Cancun (above) on the Caribbean. A complete new town with about 22 hotels has been built in what was virgin jungle five years ago.

Ecuador

The Ecuadorian banks are gradually being adapted to the new financial requirements of an economy which has more than doubled its gross national product in six years under the stimulus of an oil boom.

Until Ecuador became a petroleum exporter in 1971, the banking system operated to serve the needs of an agricultural economy based mainly on bananas, coffee, cocoa and sugar.

Now alterations are being made by the Ministry of Finance to create a banking system more compatible with the needs of a nation in the process of semi-industrialization.

Ecuador's recent affluence, due principally to rich petroleum exports which have more than quadrupled monetary reserves since 1970, has not been without problems.

An expansion of the money supply and financial requirements far beyond domestic capacity are only two of the new problems faced by the Finance Ministry.

To revise the banking system and make it more compatible with the new stage of the economy, the public sector role has been notably increased.

Several new government banks have been recently

established including the Banco de Desarrollo del Ecuador. It is aimed at providing financial resources for development projects and to negotiate credits abroad on behalf of state agencies. Other recently authorized government institutions include a bank for the coffee industry and one for military industrial development.

The Government has also tightened controls over several vital aspects of private bank operations. Due in part to widely publicized financial difficulties of a bank in Quito, the Finance Ministry had adopted a law regarding bank liquidation aimed at providing greater protection to depositors.

Measures have also been taken to control more strictly credit ceilings and reserve requirements of the Ecuadorian banks.

The Banco Central has taken steps to regulate the money supply which in May had increased 40 per cent over the level of the previous year. One such measure is an authorization for the Banco Central to sell bank acceptances on the free market and to repurchase them before maturity.

The Banco Central celebrated its fifth year of operation in August.



S.W. The Avenue of the Americas in Guayaquil, Ecuador.

Mexico: budget crisis

by Sidney Wise

The future of Mexico's economic policies hangs in the balance after the Minister of Finance and the resignation of the President's other main economic adviser, the Minister of Planning and Budget. Their departure is the result of a dispute over whether to adopt an expansionist or a monetarist policy.

President José López Portillo is anxious to adopt a middle of the road approach to his country's problems and the economic disagreement comes at an extremely awkward moment as the budget for 1978 is about to be presented to congress.

Following the financial debacle of the post devaluation period last year a stronger, more modern banking system is now being forged.

A gradually accelerating recuperation has been achieved by the Mexican banks from the critical period immediately after the August 31 devaluation of the peso.

A massive outflow of deposits made necessary a \$20,000m peso rescue loan from the central bank, the Banco de México, less than three months after the devaluation.

Since then a steadily mounting measure of confidence has been restored by President José López Portillo during the first 11 months of his administration. With it has come a record flow of funds to the Mexican banks and a recent shift of dollars to pesos by depositors.

"We have passed the test of fire and have emerged stronger and more solid," Señor Gustavo Romero Kolbeck, director of the Banco de México, the central bank, said. More than one half of the rescue loan has been repaid.

Deposits have risen 24 per

cent during the first 10 months, double the 12 per cent rate of increase of the same period of 1976. The total on deposit in the private Mexican banking system was at a record high of more than 360,000m pesos by mid-November.

Perhaps the most encouraging sign of more buoyant health of both the peso and the Mexican banks is a gradually increasing flow of dollars to pesos which began in September. This has produced a reversal of the dollar to dollar trend which created a serious "dollarization" of the Mexican banks during the first eight months of the year.

More dollars have been flowing to pesos than vice versa during the past three months. The decrease of the amount of deposits in dollars began in September, the first month of the year that deposits in dollars diminished while deposits in pesos increased.

At the same time, many of the 516 Mexican banks with 7,300 branches have

become more streamlined and modernized. Perhaps more changes have taken place among the Mexican banks during the past 18 months than during the past few decades combined.

The big banking groups are changing to multi-bank operations. By doing this, commercial, financial and savings banks with a common ownership, which previously operated as separate banking enterprises, are merged into a single corporate banking structure. The five biggest banking groups representing almost 85 per cent of the nation's private bank assets are in various stages of creating multi-bank systems.

So are the small and medium-sized banks which are not part of a group operation.

The past year has also seen the Mexican banks begin flourishing foreign exchange operations with the advent of the peso float. Another innovation has been the creation of stock brokerage houses by the major banks to trade in the budding stock market.

Although substantial progress has been achieved by the banks this year, they remain plagued by an unprecedented peso credit shortage and heavy deposits in dollars. About one sixth of total deposits are in dollars. This has increased dollar loan availability, which few companies want.

The Banco de México has created a novel swap device to alleviate this situation. If a company makes a deposit in dollars of a minimum \$100,000, it can obtain a credit for the equivalent amount in pesos. The dollar deposits provide interest at the Eurodollar rate but the annual interest rate for peso loans under this arrangement ranges from 20 per cent for capital equipment to 25 per cent for working capital.

This swap arrangement has met with eager acceptance from credit-hungry Mexican companies. More than \$320m in credits were granted under this arrangement, including a single operation for \$100m during the first phase of the programme.

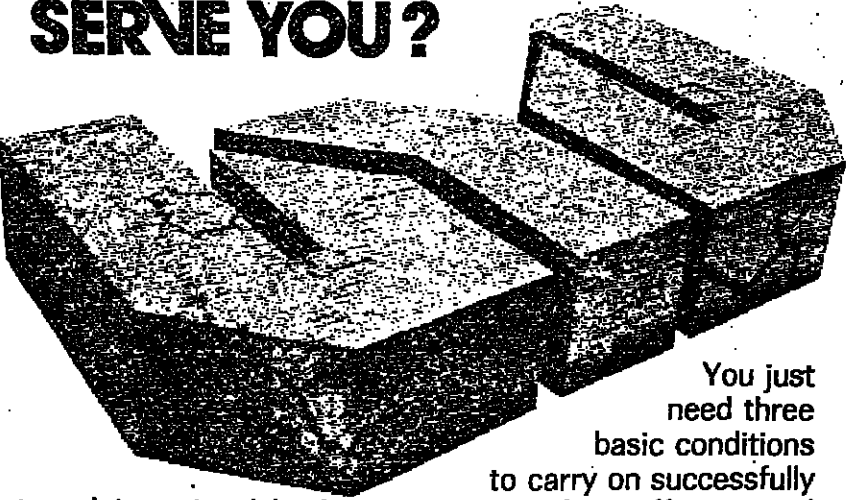
September and October were the first two months of the year that the "dollarization" of the Mexican banks decreased. Deposits in dollars declined \$22m in September and \$41m during October as investors abandoned the United States currency the trend continued during November.

The decrease was small but local banking observers considered it to be significant since the amount of deposits in dollars has increased every month since January when the total was \$2,215m. The trend of declining deposits in dollars was attributed to the recent improvement of peso operations in the futures market of the international monetary market in Chicago, exciting petroleum discoveries in south-east Mexico and growing signs of economic recuperation.

Cuando usted precise de un banco grande en Brasil, cuente con el Itaú.

El 2.º mayor banco particular del Brasil. Mas de 750 agencias en todo el territorio brasileiro.

WE SERVE THE INTERNATIONAL ECONOMICAL WORLD CAN WE SERVE YOU?



You just need three basic conditions to carry on successfully

your international banking contacts: a fast, efficient and successful bank.

Our international services are as dynamic and trustworthy as booming Venezuela.

With us you can cover the whole world. Let us serve you.

We are with you (and your business) wherever you need us.

banco Nacional de Descuento
CARACAS - VENEZUELA

ESTAMOS SIEMPRE CON UD.

Peru: a military regime

Panama is preparing to become the host country of a long-dreamed-of bank. By next May the newly-created Latin American Export Bank is expected to open for business in Panama City.

The choice of Panama as the site of this bank is appropriate. Besides its convenient location as the bridge between North and South America, Panama has been an important sponsor of the bank principally composed of the central banks of Latin America dedicated to financing the rapidly expanding exports from the region.

After long years of discussion and planning, 19 Latin American nations finally signed an agreement on September 18 to establish the bank at a conference held in Cartagena, Colombia. The Latin American Export Bank will have

an authorized capital of \$99m. A commitment was made of \$6m of an initial capital of \$20m of paid-in capital with which the new banking institution will start functioning.

In addition to the shares held by the central banks of 19 Latin American nations, there will be two other categories of stockholders in the bank. One will be for private Latin American banks and the other will be for big international banks operating in the area.

The chief architect of the Latin American Export Bank, Dr Nicolas Ardito Barletta, Minister of Planning and Economic Policy of Panama, explained that the institution would fill a vital need in financing the swift rise of manufactured goods exports from the region which by 1980 would reach \$17,000m. Dr Ardito Barletta has played a talented role in winning

agreement on the bank from 19 Latin American nations with jealous, nationalistic attitudes.

Among the private banks which are expected to pledge the remaining \$12m of Latin capital are Citibank, the Royal Bank of Canada, the Toronto Dominion Bank, the Banque Nationale de Paris and Daichi Kangyo of Japan.

Panama may be among the Latin American nations to benefit most from the Multinational Export Bank. During the past few years Panama has developed into an important world financial centre. A network of powerful international banks already operating in the country can channel substantial amounts of financing through the Latin American Multinational Financial Institution.

Assets of these banks, which total \$10,000m, include most of the banking

giants of world finance. The multinationals Latin American Bank will provide a new source of growth for Panama's already booming banking industry. Bank assets have increased at an average annual rate of 50 per cent during the past decade.

The big foreign banks in Panama concentrate most of their activities on off-shore operations, acting as dollar distribution centres, for multinational financing. The location of the Latin American Export Bank in Panama seems likely to spur further the dramatic rise of this tiny isthmus nation as an important world banking and trade centre.

Frequently termed "the Latin Switzerland" because of its bank secrecy laws, numbered accounts and ease of banking operations, Panama's bright banking future will probably be enhanced when the Latin American Export Bank

opens for business within six months.

To the north of Panama in Central America, a much smaller regional bank of different characteristics has made significant progress this year.

The Central American Bank for Economic Integration (Banco Centroamericano de Integración Económica) has been buoyed by the coffee boom of the past year which has brought prosperity and trade surpluses to the region.

The bank is one of the prime instruments for promoting and developing the lagging Central American common market. With headquarters in Tegucigalpa, Honduras, the Regional Bank provides the most diverse range of economic development of the five tiny nations of the area. The five member nations of the Regional Bank are El Salvador, Guatemala, Honduras, Nicaragua and Costa Rica.

The economic climate of Peru has changed a great deal since the present military regime took over in 1975. The process of nationalization has stopped and there has even been some denationalization—of the important fishmeal industry last year, for instance. This summer, new regulations were issued which allowed foreign banks to expand their activities in something that had not been allowed since the previous military regime took power in 1968.

The most spectacular development on the banking scene has been the agreement with the newly formed Bank of Arab World, which came allowing it exemption from certain taxes and giving it an exceptional freedom to operate. The Peru-

vian authorities were particularly keen to attract the bank to Lima, and they clearly hope that other foreign wholesale banks will now want to set themselves up in the country. There is some talk of the Banco do Brasil and the Banco de la Nación Argentina being interested, provided they can negotiate suitable treatment.

The Banco Arabo-Latinoamericano has initial capital of \$100m, with a 60 per cent shareholding by Arab banks and most of the remainder split up between Latin American banks, including two in Peru, the Banco De La Nación, owned by the state, and the Banco de Crédito, which is private.

Like other foreign banks, it will have its business in local currency severely restricted. The fear of the Peruvian authorities is that Peruvians might put their money into foreign banks,

which would then lend it to multinational companies, instead of making the multinationals raise their money abroad.

In recent months, the economic situation has been dominated by Peru's payments crisis, and fears that it might default on its loan payments. A first agreement with the International Monetary Fund, negotiated by Señor Walter Piazza, then Finance Minister, was rejected by the Government because its terms were felt to be too harsh. In July, the unions called a one-day general strike against the austerity measures announced by the Government, and it was surprisingly effective.

An agreement was eventually worked out with the IMF with slightly easier terms—principally less insistence on reducing the budget deficit—which meant that Peru can now raise the

money is needed internationally. But the difficulties of the economy remain, caused by too rapid industrialization, too big an increase in public spending—including buying arms from the Russians—and also in the price of copper and sugar, and the collapse of the fistmated industry.

The main question now is whether the Government will be able to enforce the austerity measures it has agreed with the IMF, which have had the effect of raising the price of food and transport.

There have been further signs of discontent as well as strikes in July, and if this spread there are fears that there could be a revolt by left-wing elements in the armed forces. As a palliative, the Government has called elections for next year and undertaken that the armed forces will return to their barracks. But a lot could happen before then.

Venezuela an enviable problem

Paraguay and Uruguay are similar in size, have roughly the same sized population, and are not both ruled by rough right-wing generals backed by the military. But there the similarities end.

Uruguay has been an important country in the world trading scene for decades and has built up a strong banking sector. Special circumstances made it known as the "Switzerland of South America" in the 1940s and 1950s. Paraguay, on the other hand, has until recently been almost entirely cut off from the outside world. Access up the River Parana from the low Amazon is still possible only for ships of less than 6,000 tons. As a result it has stood still for decades. Its income is about \$400 a head, one of the lowest in Latin America. That of Uruguay is about \$900.

It took Uruguay 20 years to recover from the slump in its wool and meat exporting business, profits from which had enabled it to build some of the finest banking buildings in the country. The country's venerable banking district is reminiscent of the City of

London, with massive unstable buildings, and nothing built this side of the 1950s: very different from Buenos Aires or São Paulo, where it is only in role playing that one can hear that Uruguay has regained some of its previous banking status. The reason has been its internal stability, a decade since a political cost, and the creation of a free money market.

Sandwiched between two immensely rich neighbours, each with its financial problems Uruguay has been able to attract a new wave of investment from Argentina with its political convulsions, and Brazil with its tight exchange restrictions, are now using Uruguay, which has immense advantages in banking matters, as a safe haven.

The situation is illustrated by the bank's holdings of foreign funds. The most profitable private bank, which showed a return of 50 per cent on capital last year, has no deposits in foreign currencies. Even the venerable Banco de la Republica Oriental has not lost out, and has accumulated holdings of dollars and other currencies amounting to more than \$200m.

Two years ago hot money flowed into Uruguay from

Italy, in a period of political uncertainty there. Huge sums are now crossing the South Atlantic from South Africa and Rhodesia. This is the first time since the South Atlantic link which now involves investments in Paraguay and Argentina, and in increase in trade.

Brazil, on the other hand, has decided to develop links with the transatlantic South Africa has invested in Uruguayan government treasury bonds, and bought the country's sole cement plant. Immense sums have also been transferred to the Rio de Janeiro River Plate by terrified Argentinians, among them the beleaguered Jewish community. But this money could flow out again just as easily as it came in, and is a mixed blessing.

The Uruguayan economy has shown something of a turn-around in the past couple of years. New markets, such as Spain and Italy, and the Arab countries, have been found for beef and mutton. The rise in oil prices has hurt Uruguay badly, because the country has no oil. Paraguay has, in most cases, electricity and oil for transport, but it has given the wool trade a boost.

The country has a fairly large foreign debt—about \$1,000m—but it is backed by substantial gold reserves.

Until the 1940s, Uruguay's currency was fully backed by gold.

For Paraguay, the future can be summed up in one word: hydroelectricity. While Italy's 6150-megawatt power station ever to be built, is completed, Paraguay will be the world's largest exporter of electricity. Itaipu, which will probably cost \$1.5 billion to build and will produce 12,000 megawatts, is not the only power station to be built on the Parana river. Two more huge plants are to be built along the Argentine border. Paraguay will not itself have to raise funds directly, although it will be half-owner of both. Its share of the cost will be paid to it by the two neighbours. The money will be paid back by means of sales of electricity to them, almost all of it surplus to Paraguay's requirements.

This all means a massive boost to the Paraguayan economy and radical consequences for banking. The country has already experienced a sustained growth of 10 per cent for the last year, led by agricultural produce and derivatives. This, is reflected in the banking structure, which consists of the National Development Bank and 12 foreign banks.

The National Development

ment Bank, with 33 branches round the country, is by far the largest bank. Until recently, however, it made no profits. Most Paraguan banks are controlled in part with the foreign sector, with its dynamic foreign departments. The National Development Bank was given a capital increase of 100 million last year, and is now making strong efforts to capture more foreign business.

The foreign banks, which in Asuncion are led by the Bank of London and South America, are becoming profitable and are looking forward to the new business which will come with Itaipu and the other projects. The National Development Bank has been concentrating its portion of loans to the industrial sector in recent years, rather than almost entirely to agriculture. Paraguay's foreign trade expansion has been led by agricultural business, notably in cotton goods and soya oils.

Among the banks are three from Brazil, one of them private. This reflects the importance of trade with that country, Argentina has lost out, and recently in Paraguay during the recent turbulent years, and a large proportion of Paraguay's exports are now carried by the Sao Paulo and Paranaagua along a road built by the Brazilians.

Venezuela has a problem that many other countries would like to have—how best to spend the enormous sums that it has been receiving from the oil. Prices of oil increased in 1973. It has responded with an ambitious plan for spending on industrial and social development. But the course of the plan has not been completely smooth.

Prices have gone up sharply this year, after a period of gradual inflation. Inflation figures, they were up by 8 per cent during the first six months of the year, compared with 7 per cent for the same period last year. But there has been a big increase in imports, and there are fears that Venezuela might have balance of payments difficulties in the future.

There has been resistance to much of the target set in the Government's plan, at least partly because of a shortage of technical staff. This does not apply to the oil industry, but to the rest of the state company, is well run, but in petrochemicals, for instance, too much was attempted and there has been a deficit.

The present Government, however, headed by President Carlos Andrés Pérez, is confident that it is on the right track, even if it has not yet achieved on a year-to-year basis its national plan covers



Repairs being carried out on the Creole rig at the Maracaibo Lake oilfield, one of the country's biggest revenue earners.

mony, with the result that Venezuela has to import much of its food.

In July, President Pérez issued measures designed to counter inflation and to deter speculation, by imposing requirements on the construction industry and reducing the money supply. He also announced plans to reduce the level of public expenditure from the 60 per cent that it reached in the 1977 budget.

On the other hand, the cost of servicing the public debt has gone up and is likely to go up further. It will take up 15 per cent of the 1978 budget, compared with 10 per cent in 1977.

There is a heavy international borrowing in Europe, the United States and Japan, and has little trouble raising money at good rates.

The economy is based on heavy state participation. The oil industry was nationalized at the beginning of the 1970s, and there is state compulsion in state and petrochemicals, as well as active state involvement in other sectors. So the state has a directing role in the way the economy is run.

There are no foreign-owned banks, only minority foreign holdings in Venezuelan banks. This is in line with the requirements of the 1954 Foreign Investment Law, which Venezuela interprets strictly.

Venezuela has the highest

per capita income in Latin America, and is one of the most developed countries. But it is not an equalizer of the distribution of wealth: there are some very rich people in Caracas, where it costs about \$30,000 to join the Country Club, and very poor people in many parts of the countryside.

President Pérez belongs to the *Acción Democrática* party, which is slightly left of center, with a long history allowed to stand mainly in the next presidential election, and the two main parties, *Acción Democrática* and *COPEL*, which is Christian Democratic, are now busily preparing for it.

Meanwhile, oil remains the mainstay of the economy. At present rates of consumption the known reserves are expected to last for another 20 years; and the Government has cut back production as a conservation measure, though the price of oil is expected to rise. How effective this will be if demand from the United States remains high.

For the future, there is the Orinoco tar belt, which is estimated to have seven billion barrels of oil in proved reserves. Petroven is to have responsibility for extracting this, but it will be difficult because of the danger that there may be foreign participation.

P. S.



Repairs being carried out on a Creole rig at the Maracaibo Lake oilfield, one of the country's biggest revenue earners.

**Bring your investment
to the best place:
Banco Industrial de Venezuela**

International investors can now make transactions anywhere in the world through the Banco Industrial de Venezuela.

Foreign investments are welcome in Venezuela. And the bank that is best organised to handle these operations is the Banco Industrial de Venezuela with its highly qualified experts.

Get in touch with our representatives in all the important Banks throughout the world for your contact with Venezuela: a country where your investments are more than safe.

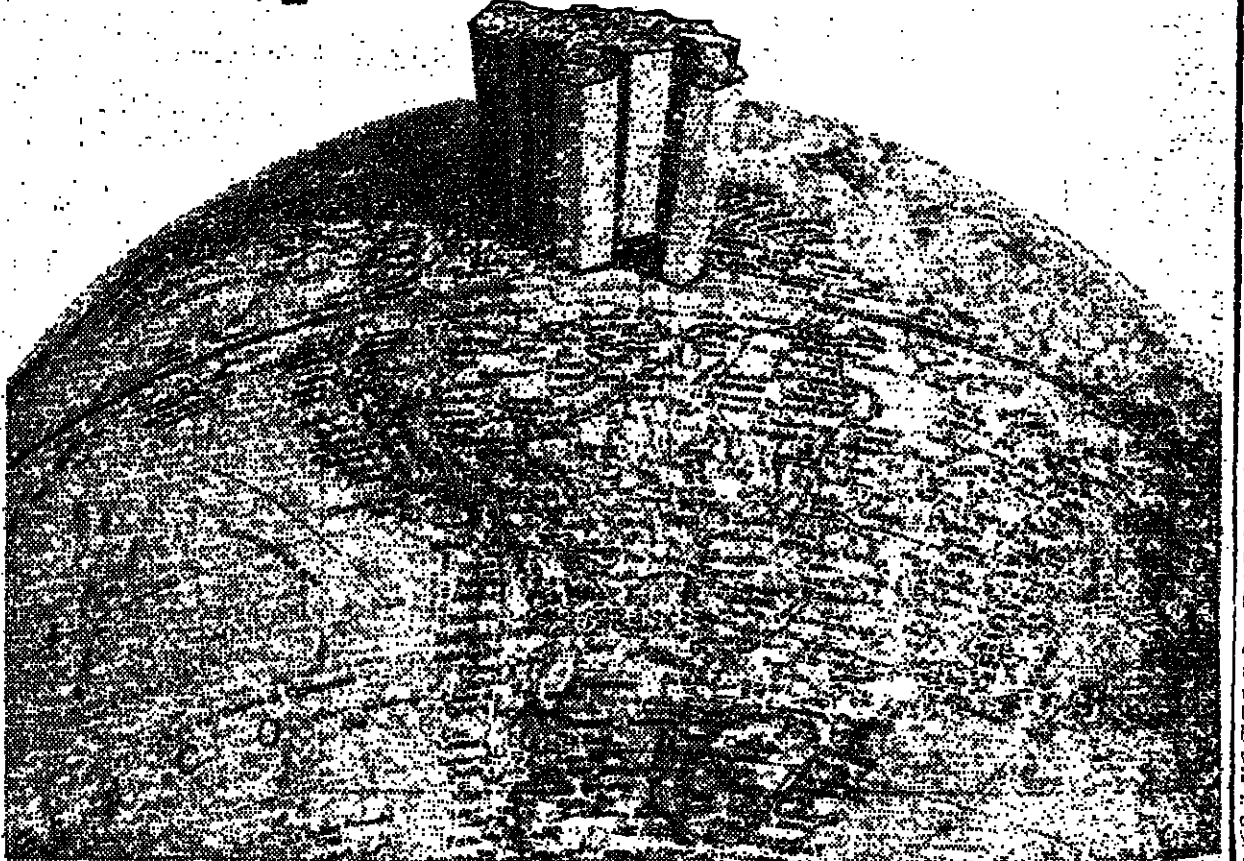
CARACAS Edif. Banco Industrial de
Venezuela, Esq. Traposos.
Av. Universidad,
Telf.: 45.92.22

New York 400 Park Avenue,
New York, N.Y. 10022.
Tells.: (212) 688.2200.

Curacao Edif. Consulado General
de Venezuela,
calle Heerenstraat,
Curacao N.A. (Punda).
Tells.: 11.612-11.621-11.625.



BANCO INDUSTRIAL
First Venezuelan International Bank.



Think about Brazil. We were born and raised there. Always growing.

We know everything about it. And, believe us, Brazil has a lot to offer.

Now, if you want to take advantage of it, we can help you. Whatever you need to import, or export, or invest or know about, let us perform all the necessary services and operations.

Saving you time. And money. And headaches.

Helping you to enter Brazil and grow with it.

BANCO MERCANTIL DE SÃO PAULO
BANCO FINASA DE INVESTIMENTO
Avenida Paulista, 1450 - São Paulo - Brazil

- 252 Branches throughout Brazil
- New York: One Wall Street - 30th floor - N.Y. 10005
- Grand Cayman Island
- London: "The Stock Exchange Building" - 11th floor - Old Broad Street (opening for business this month).

One of the remotest British colonies is the Falkland Islands, off the coast of Argentina. It is also one of the two British anomalies on the Latin American scene. The island's main industry is, as in the case of the Azores, "the mainstay of the economy of the Falklands and sugar of Belize".

Today the second round of talks between Britain and Argentina being held in New York discussions are expected to centre on plans for joint economic cooperation between the two countries, which are in dispute over the islands. The Falkland Islands, the 32 farms on the island have this year produced a wool clip totalling just under £2.6m in value. The main bulk of the island's sheep industry is controlled by the Falkland Islands company which has just been taken over by Shell and Chemical Products. The islands depend for additional revenue on the sale of stamps and coins, and the forecast for 1977 is that the islands will bring in another £200,000.

The most dramatic development has been recent confirmation that two American companies, Geophysical Incorporated and Geophysical, Inc., are to begin seismic surveys around the islands. It is hoped the surveys will go some way to prove or disprove the abundance of preliminary reports on hydrocarbon resources in the area.

Also under investigation is the extent of natural marine resources in the Antarctic seas which are one of the largest, untapped sources of food. A small shrimp-like creature, *krill*, is the main resource.

There are no proper banks on the islands but banking facilities have until now been offered by the Falkland Islands Company (FIC).

After recommendations from the Shackleton Commission report on the islands made in 1976, FIC proposes to establish a building society, which will enable more people to buy their own farms on the island and thus to introduce a much wider range of marketing and financial facilities to encourage small industries.

Argentina provides fuel and air communications to the islands and provides no direct financial activity. However, earlier this year the Caja Nacional did open a bank account for the islands at a research station in the Antarctic, the first bank in the icebound continent.

M.F.

Social Focus

Why so many children stay away from school



To those working with delinquent children, it is increasingly apparent that truancy in some of the larger urban comprehensive schools has reached epidemic proportions. Official figures are alarming, but those in daily contact with the problem are convinced that they understate the problem. This is because official figures include rural schools and those in smaller towns where the rate is negligible, and also because a growing number of school children arrive in the morning, get their "mark" in order to avoid trouble, and then slip out of the school either before or between lessons. A 30 per cent truancy rate has been suggested for some schools.

It is axiomatic that when a child is not where he should be, that is to say

when he should be in school, he is where he should not be and, quite possibly, doing what he should not be doing. The pressures of a consumer-orientated society combined with boredom and a lack of purpose lead only too often to theft, taking of motor vehicles, burglary and robbery. The overwhelming majority of London children brought to court for criminal offences have poor school attendance.

Plainly, then, we as a society through our education system, are not providing schooling that is relevant to many children. Unfortunately it is those children least able to cope who are suffering the most. Repeatedly one hears in juvenile courts of truancy starting in secondary schools where no problem existed in the primary school. The reason that is often given is that the

school is too large and the change in system too great. One can sense the bewilderment and inability to cope of the timid or inadequate child.

Truancy is often particularly noticeable where the comprehensive school has been created by the amalgamation of two or more schools. The buildings are scattered and the child has to follow his own individual timetable from one place to another without the support of a constant group of classmates. A pupil will see each teacher perhaps only a few times a week and some children find it difficult to form relationships under these circumstances. It appears to the child that no one cares about him, that the teachers scarcely know him and consequently will not miss him from class. The existence of "pastoral" teachers appointed specifically to deal with non-academic issues has not overcome this

problem. Children with problems often will not consult a pastoral teacher whom they scarcely know. A teacher and child come to know each other through having worked together.

The variety of subjects available is also bewilderingly large for some children. In primary schools the child was used to being directed in what to learn. Many of those of a lower IQ or a

lesser academic bent find the freedom of choice offered them in comprehensive schools difficult to handle. Even once they have made their choice they become easily discouraged and give up. A school will tell the juvenile court that special courses have been arranged for a truant but that he did not take advantage of the tailor-made timetable; a new set of subjects

is offered, but often with no greater success.

Another way in which these large schools are letting children down is in the matter of discipline. Adolescence is a time of testing in many directions and this includes testing-out the tolerance of society to anti-social behaviour. The young people themselves have joined this debate—according to a recent poll carried out by Capital Radio, two-thirds of school children and young people in London would like more discipline in schools. Perhaps we are placing unreasonable requirements of self-discipline on the young. Many of them feel that a lack of discipline is analogous to a lack of support.

The radio poll also showed that the children were unenthusiastic about the idea of pupils having more say in the running of their schools, which appears to bear out

this desire for direction. Adolescence is a difficult period and we make it even more confusing when we fail to provide adequate guidelines.

The sad irony of the comprehensive system is that in many cases it is serving worst those in the greatest need. Immigrant children rank high among those who are victims of a system which is too sophisticated for them. They vote with their feet by wandering the streets instead of going to school. At 16 they find themselves on the labour market without many of the basic essential skills, unable to measure up to the requirements of society or the expectations of their own parents.

Many excellent residential truancy units are being set up throughout the country, but these are very expensive and can handle only a few extreme cases. Their often remarkable success rate attests to the fact that they are providing something that the children need and will

accept. What they provide is small groups and a caring and disciplined environment. It should be possible for this to be provided at a far lower cost within the schools themselves for other truant. Those who require the sense of identity and more structured framework that smaller classes can give should be catered for, just as are those children requiring specialist courses.

The problems and mistakes must be faced. My analyses of the causes and possible remedies may not be universally accepted. However, the problem exists, is growing and must be dealt with if we are not to condemn yet more young to unacceptably low possibilities in life which often lead to crime. This part of the "Great Education Debate" is not theoretical out of extreme practical agency.

Louisa Service
The author is Chairman of Hackney Juvenile Court.
© Times Newspapers Ltd. 1977

Teaching women about their own bodies

Considering the amount of literature available on the subject of human health and sexuality, it is amazing how ignorant most of us outside the medical profession remain about our own bodies. A brief glance through any women's magazine confirms that large areas of confusion still exist on the topic.

How many women taking the contraceptive pill understand how it works to prevent conception? How many understand the hormonal changes taking place in the body during puberty, pregnancy and the menopause? How many actually prefer not to know, considering that only hypocritically show an active interest in their own health?

For several years self-help health groups have been growing rapidly within the women's movement, especially in America, and to a lesser extent in this country. The emphasis is on body awareness and preventive medicine. Pooling their knowledge, ideas and experience, women in the movement have learnt the technique of vaginal examination and the use of simple remedies such as yogurt for infections like thrush. Massage and relaxation are learnt as an antidote to stress and "alternative" medicine—herbalism, homeopathy—is studied.

Yet outside the women's movement, women in general have had few opportunities to share and discuss this kind of knowledge. An exception has been a short experimental course in women's health held recently in Brighton as part of an adult education programme, sponsored jointly by the University of Sussex Centre for Continuing Education and the Friends Centre. The sponsoring bodies considered that if such a course encouraged women to take a serious interest in their health, it was a sociological rather than a quasi-medical framework, it deserved their support.

Alan Luckett, Principal of the Friends Centre, saw women's health as a legitimate continuation in the series of women's studies (history, politics, literature), which have been held at the centre since 1973. He believes that adult education can only benefit from ideas such as women's self-help health courses which originate within the women's movement or the black movement in America.

Cindy Harnist, who helped Heather to guide the group during discussions, was shocked to discover the stolid attitude many of the women adopted about their own health. "The husband's and children's health came first. If you were ill yourself, it was unfortunate but you just had to cope. Personal well-being was treated in a much more casual manner than that of the family."

Subjects the course managed to cover, however briefly, included: nutrition, contraception, abortion, childbirth, massage, mental health, venereal disease, vaginal infections and herbalism. Sexuality and related topics such as vaginal self-examination, might have been included but Heather, a member of the Brighton women's movement, chose not to pursue them.

"It was one of the drawbacks of having such a short course. People need a lot of time to gain confidence in each other before tackling such sensitive issues. You have to accept that many women have a mental block when it comes to discussing vaginal knowledge. It was a breakthrough when some women actually admitted feeling embarrassed—it meant that they were now facing up to the subject rather than ignoring it."

Feelings of confusion rather than prudery overcame Mrs Sharon Norman, a doctor's daughter-in-law, when looking at the photographs which illustrated an article on self-examination.

"They were pretty explicit and my immediate reaction was to close the pages. I felt I shouldn't even be looking—it was that part of you that was never given a name when you're a child. Yet I felt it was ridiculous to react in this way over just another part of the body. Perhaps it was because I was brought up in a family where it was considered rude even to show your knickers!"

Even Mrs Anna Pattenden, a former teacher, who had worked as a nursing auxiliary, and as such seen many naked bodies, felt extremely uncomfortable when asked to think about her own. "I was supposed to concentrate on myself, what I liked and disliked about my body. I was surprised to find how uneasy I felt. I didn't really want to think about it at all. Certainly it was something I couldn't have discussed openly in front of anyone else."

Not so Mrs Maxine Rawlings, who said she felt that nothing discussed on the course about the female anatomy had worried her. "I've recently had a baby and after that experience I don't feel embarrassed about anything."

For Angelica Alvaray, a 17-year-old student from Caracas, the course presented a unique opportunity not available in her own country. "Venezuela is still very much a man's country and I doubt if a course like this would have been allowed. Knowledge about my body, how to improve my health, would have been impossible to obtain at home."

Although the course at the Friends Centre has just finished, several of the women have become so involved that they intend to start a self-help health group with Heather and Cindy, at the local Resources Centre. The centre also happens to be the present home of the Brighton women's movement and most of the women from the course are by no means committed feminists.

"Had the course started off from there I would have been very apprehensive. I doubt if I'd have gone," said Mrs Norman. "But I've found the course so fascinating and there's still so much to learn, I'm now helping to plan the programme for January. I wish that more courses like this could be available for women throughout the country—I'm certain they would prove a great success."

Vanora Leigh

It's got to be Gordon's

Why Britain must not fall for this French white elephant

When the eyes went down on the green baize for the start of yesterday's talks between the Prime Minister and President Giscard d'Estaing, it is a safe bet that high on the agenda was the present condition of the aerospace industries in both countries, coupled with the prospects for future collaboration.

Both industries are largely sustained by military orders and both industries on the civil aircraft side are facing a bleak future in the wake of the cancellation of the Concorde programme. New projects must be sought and everyone agrees that these projects must be collaborative efforts involving two or more countries. That is where the agreement tends to stop.

Would-be consortia form and reform in a bewildering variety of quadrilles but little is happening in a positive sense. Unfortunately time is not on the side of the Europeans in general and as far as the British are concerned there is anxiety that the leaders of the now state-owned British Aerospace have already taken a major decision which will effectively foreclose one of the options that the Prime Minister would otherwise want to keep open.

There are three potential segments for future civil aircraft projects and these are the small, medium and large sectors, small being under 100 seats, medium about 150 seats and large over 200.

There are various possibilities for the small and large sectors but the sector with the most immediate potential is the middle one, and this is indeed, the sector which is exciting the keenest interest.

It would be as well to establish that a world market actually does exist and there is general agreement on both sides of the Atlantic that there is a positive market for about 1,200 aircraft in the 150-seat class by 1990.

The British entry into this market is called the X-11 and it is a deliberate derivative of the existing and successful X-10. British Aerospace has spent nearly £2m in bringing this concept up to date and is lobbying hard round the world in an attempt to secure letters of intent to purchase. Much in the X-11 concept by airlines, particularly those operating a regional interlink type of service.

Once a market has been identified it is axiomatic that whoever gets it first does well. McDonnell Douglas has announced the launch in October of the DC-9-80, an aircraft adapted for this market segment, and all the indications are that where McDonnell Douglas tread Boeing cannot be far behind. There will, therefore, be three entrants in the market if the X-11 proceeds and four should the French decide to enter an aircraft of their own.

The French contender is known as the A200 and this would be an entirely new aeroplane complete with leasing curve problems whereas the X-11 is relying, on albeit advanced but none the less proven design characteristics.

A entirely new aeroplane would cost over £100m more to launch than a derivative aeroplane and the group of aircraft companies were so far as to say some months ago that



Lord Beswick: an agreement.

they could see no way in which a totally new aeroplane made any economic sense.

Moreover, this extra cost increases the unit price of the new aeroplane which in turn increases the number of copies that have to be sold before break-even point is reached. The X-11 is ready for launch whereas the new A200 would take several months by which time both American entrants would be declared and this would be shattering the size of the market that is still available.

Most decision makers would welcome a choice as clear cut as this, but Lord Beswick, the British Aerospace chairman, has gratified the French by agreeing to participate in a joint engineering team to study the French project. The latest indications are that not satisfied with this piece of British fair play the keeper of the aerospace fortunes has now agreed to "let the X-11 on one side" while the A200 is studied in detail.

If it should appear after these detailed studies that the A200 does not offer the regular commercial potential, then the intention presumably is to "fall back" on the X-11 which will then, it is fondly believed, be received with enthusiasm by a chorus of adoring airlines who knew it was the best all along.

The main reason for this suicidal course of action is apparently that the French have said they will not come in on the X-11, but as a certain lady once said "they would wouldn't they".

By taking this action they knew British Aerospace would feebly drop its own project and go in with theirs. One wonders how strenuous have been the efforts to find other collaborative partners in Italy or Spain or with Rockwell in the United States.

The French are offering "design leadership" or their project to the British and this is straining credibility somewhat, but the main problem is that one project offers a good prospect of making a return on investment and the other will cause the taxpayer a thumping great loss and bring the aerospace industry to a lingering and painful death.

Lord Beswick may well be prepared to ask the last British Aerospace employee to turn out the lights as he leaves but the Prime Minister is too smart an operator to be taken in by legend.

Geoffrey Pattie

The author is Tory MP for Chertsey and Walton and vice-chairman of the Conservative aviation committee.



"It is awful—and I don't like it, Do you?"

says Dick Emery

... old folk totally left out at Christmas, and facing next year all alone, all day every day. And not enough of us do anything about it.

Do something in time for this Christmas, with me—give Help the Aged a helping hand with the money they need to get more Day Centres in towns all over Britain. So that lonely old men and women have somewhere cheerful to go and where they can make friends. Or help the volunteers bring food to hungry old people in countries where the scraps off our Christmas plates would seem like a feast.

Send the best Christmas Gift of All—Hope to someone who needs it.

How You Can Help

Equipment for a Day Centre: £10 does a lot towards equipment for another friendly centre for the lonely.

15 Good Meals for old people near starvation in Asia: £3.

£150 perpetuates a loved name on a British Day Centre and helps it start. Or a hospital bed overseas £100.

Someone lonely or hungry waits for your Christmas goodwill gift.

Please use the FREEPOST facility and address your gift to: Hon Treasurer, The Rt Hon Lord Maybray-King, Help the Aged, Room T1, FREEPOST 30, LONDON W1E 7JZ.

* Please let us know if you would like your gift used for a particular purpose.

Perpetual serfdom: this is the full horror of life in the Chinese compound

Bernard Levin

Some months ago I read a long account, by Professor Edward Lurtwak (published in the American magazine *Commentary*), of a visit he had paid to China. Partly by a series of fortunate accidents, and partly through his own persistence, scepticism and scholarly integrity, he had managed repeatedly to get behind the smooth wall of propaganda presented to visitors to China and see a good deal of the reality behind it. Professor Lurtwak was primarily concerned to describe what he saw and heard, and I thought his article so important and so valuable that I devoted three successive columns to summarizing and quoting what he wrote.

I have now obtained another series of articles on China, this time not by a university teacher but by a newspaper journalist, Mr Ross Munro of the *Toronto Globe and Mail*. Mr Munro's articles seem to me to bear out in a striking manner Professor Lurtwak's conclusions; they are particularly convincing because Mr Munro has been in China for some two and a half years, and was thus there during the upheavals which preceded and followed the death of Mao Tse-tung, and also because he clearly developed, over the period of his assignment, a considerable admiration and indeed affection for the Chinese people, so that it is quite clear that he was not unconsciously, let alone deliberately, fitting his observations into any pre-fabricated ideological pattern. Moreover, just as Professor Lurtwak's account displayed the best kind of rigorous academic mind, so Mr Munro's is evidently that of the best kind of shrewdly observant reporter.

But the most significant aspect of his series is the fact that it has provoked the Chinese authorities into revoking Mr Munro's visa; he has been told that it will not be renewed after it expires at the end of the year, and that he must then leave China. This suggests that Mr Munro's picture is uncomfortably accurate, and I therefore propose to do the same with his series, this week, as I did with Professor Lurtwak's article. (For those who have not read his last Sunday's *Observer*, I should say that none of the material I am using appeared there.)

Before I begin, however, a word of caution is perhaps appropriate. The conditions depicted in Mr Munro's reports are now subject to what, it is already clear, is an upheaval in China that goes far beyond the firm establishment of control by the new rulers, and the elimination of any possible opponents or rivals. It is too early to make confident predictions about the course of the new regime, except of course that it has no intention of allowing anything in the way of a genuine opening of the world's most closed totalitarian society. But already there have been signs that the harshest repression is being eased; the nearest comparison is with the Vorster Government's relaxation of "petty apartheid" in South Africa.

Such easements will obviously be welcome to the Chinese people. So, and perhaps more so, will be a similar relaxation (also clearly in evidence) in the ideological fanaticism of Mao and his "Gang of Four", though the ludicrous accusations against the latter revive memories of the insane charges of Stalin's Terror. China's new rulers have clearly set themselves the goal of ensuring economic development, one of the most urgent tasks in making up the appalling gap caused by the virtually complete destruction of Chinese education during the "cultural revolution".

The motives of their rulers are unlikely to trouble the Chinese people; but if their own lives are made less bitter, the control exerted over them less complete, the tyranny of communism less cruel, they will no doubt count that as gain, and rightly.

In that sense, and in that sense alone, it may be that Mr Munro's articles describe a static condition. China, it is clear, is beginning to move again.

and although there is no guarantee that she will continue to move away from the excesses described by Mr Munro, and although, indeed, she has not moved more than a step away from them so far, and although, finally, no fiction that might conceivably come to power in China would in any circumstances contemplate any form of political pluralism or the institution of elementary human rights taken for granted in democratic countries, yet the movement itself is to be welcomed. Mr Munro's accurate picture is of a country which had stood still for years. In a few years' time, if he were writing a similar series, he would no doubt have some interesting things to say about the movement now beginning. Perhaps if it gathers pace, China's rulers may one day even overcome their fear of the truth so far as to let Mr Munro back in again.

That said, let us start with an item which perhaps sums up China better than any parade of statistics or analysis of policy.

A Communist Party functionary was recently telling a foreigner how Chinese society ideally should be organized. Everyone, he said, should live in the compound where his work is. In for some reason the workplace and the home must be in different locations, he said, then people should still live in the same place as their workplaces.

The worker who commutes between home and job poses a problem the party member said. He can be two different men. At the factory, his political attitudes and work habits are known, but the party would not know how he acts around home. The party is living together and they know everything about everybody, the foreigner was assured. "They know which families need a bicycle."

How admirable, our own deuteromosaicist the living embodiment of the main principle of the

in the Soviet Empire. The full horror of such conditions lies in the pervasiveness of the State supervision of the lives of the citizens. As Mr Munro reminds his readers, "China has imposed controls over areas of life that are matters of free individual choice even in many police states: the freedom to choose—or quit—one's job; the freedom to start even the smallest business; the freedom to choose where one lives; to live; the freedom to travel." But that is only the negative side of it, the forbidding by the State of that which the rulers fear. What gives China its particular quality is the other side of this coin:

Many of the urban Chinese already live in all-inclusive units that are concerned with every aspect of the welfare and behaviour of the state's residents. In a clothing factory compound in Hanoi Province, a notice posted on a workshop wall declares that people must get off their bicycles at the gate and surrender all bags and packages to security workers for inspection. Except in special circumstances, the notice continues, people must be back inside the compound by 11 p.m.

And Mr Munro provides another illustration of the way the theory works in practice.

Officials in the No 1 Cotton Factory in Shihchiachang, south of Peking, were recently trying to explain to a foreign visitor how workers there buy bicycles. Each year, they said, the state allotted about 250 bicycles to be distributed among the 4,000 workers and their families.

"The workers in the workshops are living together and they know everything about everybody," the foreigner was assured. "They know which families need a bicycle."

How admirable, our own deuteromosaicist the living embodiment of the main principle of the

true faith—to each according to his need. Just so did their forebears in the Thirties point to the Soviet Constitution and quote the passages guaranteeing free speech—and just so does the reality contrast.

One person with direct knowledge of how units and residential committees operate describes the security system as inextricably woven together with the web of personal relationships, both friendly and unfriendly.

"According to Mao's philosophy," he says, "you report on your friend or neighbour when he's done something wrong because it's good for him to be criticized and reformed. But usually in practice you do it because you don't like him and you want to get at him."

Party officials evidently believe the desire for privacy must be combated because they constantly urge local party functionaries to devote more time to home visits to families in the area. In one neighbourhood in Peking last summer, it is an example of mild political monitoring, party functionaries put up a huge chart listing each household and what its members had done to help clean up after the earthquake. The chart wasn't so much an honour roll of those who had done a great deal as it was a report card for adults with blank spaces for those who had not done enough.

I shall continue with this tomorrow: today, I will leave you with a simple picture of life in the Chinese unit as Mr Munro observed it. Simple, because it follows naturally from the implications of what has gone before. But also terrible, because of the perpetual serfdom it implies:

People are normally assigned to a work unit for life. Transfers are extremely difficult to obtain but are sometimes granted on the condition that the departing worker finds someone with comparable skills and experience who's willing to switch jobs with him. (To be continued)

Times Newspapers Ltd, 1977

A gleam of hope at last for Falkland islanders

New developments in the Falkland Islands, Britain's tiny disputed colony in the South Atlantic, suggest that the British and Argentine governments have reached some agreement as far as economic cooperation is concerned.

Today ministerial representatives from the two governments are meeting in New York where they are expected to concentrate on discussing further aspects of economic co-operation rather than the main issue of sovereignty, although the two are inextricably involved.

Since the first round of talks in Rome last July, which followed Mr Ted Rowlands' visit to the islands in February, British and Argentine government representatives and officials have been extremely busy behind the scenes. Mr Rowlands' visit was a landmark in the Falkland Islands' history, for it was the first time that the views of the islanders at first hand, that there can be no question of a "sell out" today's talks, or any other time, if it is against the wishes of the 1,950 inhabitants who are nearly all British or of British descent.

Following certain changes within the Foreign and Commonwealth Office and the arrival of a new governor in the islands there seems to be increasing confidence by the islanders and their London supporters in the way that this over-sensitive issue is now being handled.

The more astute islanders realize that in the long term their future depends on furthering stronger commercial and economic ties with neighbouring Argentina. It is in everybody's interest that this



The rolling "British" countryside in Port Howard, Falkland Islands—but for how long?

should be so. However, the Falkland Islands Company, which was recently taken over by Coalite and Chemical Products, may find this a bitter pill to swallow as it controls a major part of the islands' economy which is based on sheep farming.

For a number of years links between the islands and Argentina have been steadily increasing. The Argentine Air Force's transport wing, LA-1, provides a regular, but sometimes haphazard, weekly service to and from Port Stanley, capital of the Falklands, and Comodoro Rivadavia. There has been some criticism lately about sea availability and the cost of fares.

Last month a new permanent airfield built by Britain at a total cost of what may be around £6m was officially opened about a year or so behind schedule.

This runway, which is too short and unsuitable for LADE's fully laden F-28 jets, is one of the most controversial issues in the islands. At present it appears to be an expensive white elephant due largely to the somnolent bureaucracy

The airfield is basically unsuitable for a number of technical reasons and consistent pressure on Whitehall to lengthen it to international standards has so far failed. In any event, the impact of inflation on the cost of the project has been so great that there could be little justification on economic grounds for improving the so-far-unused field.

However, it is possible in the curious saga of the Falklands that the Argentine Air Force, under the command of General Medina, director of the Argentine Antarctic Department, to suggest to his British counterparts that perhaps his country would be prepared to pay for an extension to the airfield. Two years ago due to the economic crisis in Argentina it would have been out of the question. Not so today.

Already, the Argentine Government has spent a considerable sum on establishing a fuel depot outside Port Stanley, the capital. Furthermore LADE has just been awarded a £282,000 contract by the ODA/BODM to build a new oil jetty to provide a supply point for the fuel depot.

The jetty, which has stood unused for nearly two years, is the amount offered by the Johnston Construction Company, of Redhill, who have just completed the airfield.

Perhaps the best indication of a change of climate between Britain and Argentina is the recent confirmation that an American company, Geophysical Services, is to carry out seismic surveys in offshore waters around the islands up to the 100-fathom bank. This is one of the recommendations by Lord Shackleton in his

economic report on the islands published during 1976. There have been a number of reports on hydrocarbon prospects in the region. One of the most notable is by Professor P. H. Griffiths, of Birmingham University, which implies that the correct geological conditions exist in some offshore areas where hydrocarbons could be expected to be found.

According to the Shackleton report "... it is probable that the large hydrocarbon accumulations in the Malvinas Basin, if they exist, would be in water depths of 300 to 1,000 metres."

It is hoped that Geophysical Services, which will operate two vessels, will be able to establish a positive indication of the likelihood of oil or gas being found in the area. The company has paid \$900 to the Falkland Islands Government for a permission to carry out the work and data will be provided to both British and Argentine companies.

This decision is an important indicator on the current relationship between London and Buenos Aires. But in spite of this, Ambassador Munro—who has just returned from a tour of the Falklands, said at the beginning of the month that "though tomorrow's talk will be particularly difficult". After they are over Mr Rowlands is flying to Rio de Janeiro, in Brazil, to meet representatives of the Argentine government so that he can discuss with them any decisions made in New York.

Michael Frenchman

THE TIMES DIARY/ PHS

Circular (mystery) tour of a dukedom

The Queen announced cryptically in the Court Circular the other day, that she had agreed that Frederick William Cavendish-Bentinck and Venetia Barbara Cavendish-Bentinck should enjoy the same title and precedence as the son and daughter of a duke, which would have been due to them had their father, William George Frederick Cavendish-Bentinck, survived his kinsman, William Arthur Henry, Duke of Portland, and succeeded to the title of Duke of Portland.

That is a mouthful of Cavendishes, not to say Bentincks, to squeeze into one sentence, even

for so practised a performer as the Court Circular.

What is the mystery? Some scandal about false succession and going on on the wrong side of the blanket?

Nothing so dramatic. The new Duke of Portland succeeded from a collateral branch in March, and this is the first time that a duke has given his younger brother (who is 80) and sister (who is 75) the courtesy titles they would have had if the succession had been in direct line. The new Duke joins the distinguished list of Dudders, Members of the House of Lords born before 1890, in seventeenth place. He is 89.

The list is led by the Earl of Albemarle (95), Lord Heniker (94), and Lord Rathcavan (94). Portland is a comparative springling. On last January 1 there were no fewer than 70 old peers over the age of 80.

Council, thinks he has a case and believes there is a need for what he calls "re-afforestation".

The upshot of a Shaw-Green luncheon chat is that Mr Shaw has agreed to discuss the problem with the BBC and the Independent Broadcasting Authority with the idea of finding out whether some joint action could be taken to train the performers of the future.

Michael Grade, of London Weekend Television, has spoken of the "bias against entertainment" on the box. Well, here is a chance to bring back some sparkle, perhaps. It all fits in rather well with the 25th anniversary next month of television's "The Good Old Days".

Spot the fat cherubim

"Tell them not to point at the pictures with their pens," said an exasperated warden. "You can't trust those children at all." The warden (of the National Gallery rather than Wormwood Scrubs) was getting worried at the first batch of eight to 14 year olds, who, lying on their stomachs in front of assorted Old Masters and with their clipboards and pencils, were trying to fill in one of the two quiz sheets drawn up for this Christmas by the Gallery's education staff.

The quiz sheets are on angels and food, and provide the incentive for children to go round looking at the paintings and asking themselves questions on them. They are also meant to be fun to do, though whether serious-minded tourists will find it so is another matter.

Certainly some of the answers were coming in yesterday: provided interesting angles (of food for thought). In the picture of the Annunciation (the version painted by the Master of Liebenau), the angels came in through the door or the window but—according to one child—"in a flash of light".

And in the Adoration of the Kings (Gossart), the kings were kings because they had crowns on. Of course. The National Gallery also unveiled yesterday its new audio-

Night put for a knees-up

Holding, as do, such strong views about entertainment in public houses it must be liquid and of at least 70° proof. I went on Friday night with mixed feeling to the Pub Entertainer of the Year Finals in glorious pro-cafe-casual-chips and pils downtown Primley.

In truth, I was sympathetic to the cause (it was in aid of the Variety Artists' Children's Fund) though no amount of excellent wine could make me feel warmly about some of the finalists—and I dread to think what standard was attained by those who did not make the final.

Sponsored by the Chef and Brewer group in conjunction with TV Times, the annual event is intended to create greater awareness of the needs of pub entertainers in this country. Perhaps standards slipped this year, though I was glad to see that it was complete.

Frank Carson (doy of the television comedy programme) was as usable as I am to announce the name of one of the winners, the Phoenix Blues (men). You try saying that after a number of gin and tonics from the West Country.

The only other act of any discernible merit was Cany Rock (from London), who did amazing things on the stage. He was a real one, the value: states. Some of my friends at Oriel have been chaps even longer, not to put it all in print is not very flattering.

Centurion gets out

Those of you who have enjoyed my guest (not to say surprise) appearances at the dinners of a well known Society at Oriel College over the years will understand my interest in the latest copy of the *Oriel Record*, in the "Provost's Notes". Readers, the *Record* suggests, will be led to learn that Dr Davies (Tutor in Ancient History) is to leave the College. He has been a fellow since 1958, the value: states. Some of my friends at Oriel have been chaps even longer, not to put it all in print is not very flattering.

Unwritten laws

On December 13, 1948, a General Election was held in the United Kingdom.

All human beings are born free and equal in rights and dignity. They are endowed with reason and conscience and should act towards one another in a spirit of brotherhood.

The Universal Declaration of Human Rights, adopted by the United Nations General Assembly on December 10, 1948, is a milestone in the history of human rights.

كلانا من الالاف



LETTERS TO THE EDITOR

VOTING FOR EUROPE

The House of Commons will be voting today on which type of electoral system to adopt for the first direct elections to the European Parliament. In one respect, and in one only, the vote is relatively unimportant. Whatever system is adopted for the first election the system for the second will be decided by the European Parliament itself and will apply throughout the Community. Since every other member favours some form of proportional representation Britain will have to fall into line. There seems to be little point, therefore, in making one last gesture of defiance tomorrow by voting for the familiar British system under which the first candidate past the post represents a single constituency. Yet this is precisely what the House seems bent on doing if voting predictions are correct. The reasons will have a lot to do with domestic politics and very little to do with which system will actually cause Britain to be better represented in Europe.

The first result of adopting the British system will be to delay the elections well beyond the target date of May or June next year. This is mainly because the Boundary Commission will have to go through the lengthy procedures of drawing new European constituencies. England will be divided into six, Scotland into four, Wales into two, Northern Ireland into one, and the Channel Islands into one. This will be one of the important issues of the election.

However, the arguments against the British system and in favour of proportional representation for European elections are stronger. Adopting the British system will mean keeping the whole of Europe waiting for the next election. For reasons which are hardly likely to find very warm understanding, this is not likely to promote broader British interests in Europe. The British system will also be unfair, in denying the

British parliamentary elections, and will also ensure that no Liberals are represented in the European Parliament unless, perhaps, the Dutch or some other particularly selfless European, offer hospitality on their lists. Conservatives do not want to encourage Liberals, who generally take away their votes, and the left wing of the Labour Party is particularly anxious to dish the Liberals because, as Mr. Ron Hayward said at the weekend, coalition governments at Westminster would mean goodbye to dreams of a "democratic socialist Britain".

These are politically understandable if scarcely very worthy reasons for choosing the British system. There are some slightly better reasons. The system is familiar to everybody. Its results are easy to understand. It makes each member a clearer representative of his constituency, albeit such a large one that representation is bound to be less personal than at Westminster. More usefully, it enables voters to choose more deliberately between candidates with different views on Europe, particularly between those who favour a federal Europe and those who wish to preserve as much sovereignty as possible for the nation state. This will be one of the important issues of the election.

However, the arguments against the British system and in favour of proportional representation for European elections are stronger. Adopting the British system will mean keeping the whole of Europe waiting for the next election. For reasons which are hardly likely to find very warm understanding, this is not likely to promote broader British interests in Europe. The British system will also be unfair, in denying the

Liberals the representation due to them. It is particularly ironic that it is the party that is collectively the most wholeheartedly European in British politics that will suffer most. This will seem especially perverse since the system will prevail for one election only. The next one will cause a sharp change in the structure of British representation. Every one will therefore feel that there is something temporary and unrepresentative about the first batch of directly elected British members. This could weaken their influence.

The regional list system proposed in the European Assembly Elections Bill is not ideal. It has faults which could still be worked on. It is, however, preferable to the first-past-the-post system. It would enable the elections to be held earlier, possibly even by the target date. It would cause British opinion as a whole to be more accurately represented, which is particularly important in that the European Parliament is less concerned with finding majorities for legislation than with exerting representative democratic pressure on the Commission. It would also make for a less abrupt change when a common system is adopted for the second European election. And it does not have to be the thin end of the wedge that some members fear will one day bring proportional representation to Westminster—that is still for Westminster to decide.

It would be enormously encouraging, especially for Britain's friends in Europe, if a majority of the House could, against all expectations, lift their eyes above their smaller concerns and demonstrate today that they see Europe as something more than a rather inconvenient appendage to British politics.

The Crown Agents inquiry

From Mr. Edward du Cann, MP for Taunton (Conservative)

Sir, Professor Stamp criticizes me for "extraordinary complacency in regard to the Exchequer and Audit Department". He attributes to me an attitude which I do not possess, and never have in the very remarks of mine which he complains about (made at Question Time in the House of Commons, not in debate). I asked that Parliament give the E & A the tools to do its job efficiently. The Professor needs to do his research better.

Of course, I have strongly defended the staff of the Exchequer and Audit Department. Who else will, if I do not? They are a most conscientious body of public servants. They work efficiently, as the reports of the Public Accounts Committee (ten in the last parliamentary session) show clearly. They deserve all the support they can get. I shall give it to them through thick and thin.

But I have consistently argued that it is high time to re-examine the remit given to the Comptroller and Auditor General. In speeches in the House of Commons, in the country, and at the last Conservative Party Conference, in published articles, in broadcasts, in correspondence with the Prime Minister (who last wrote sympathetically on the point to me last week) and in evidence to the House of Commons Select Committee on Procedure, I have put forward proposals for reform. Until just lately it has been a lonely business.

Since Professor Stamp seems chiefly to be concerned to improve the professional and auditing standards of the Exchequer and Audit Department may I quote my own views from a pamphlet I wrote earlier this year (which was a restatement of speeches made on the same subject in the House of Commons earlier, long before Professor Stamp claims credit for advancing his own views).

"It is agreeable enough to read from time to time in the newspapers eulogies which are not, as people are quick to point out, but are, it is that Parliament has not for years exercised an adequate control over public expenditure. Nor has Parliament equipped itself with adequate tools for this purpose. The extent of Professor Stamp and I are at one, and I am glad we are. It is a pity however he is not a more assiduous reader of your excellent newspaper which has several times published in my name the views quoted above—and discussed the matter in excellent leading articles. Yours faithfully, EDWARD DU CANN, House of Commons, December 12."

Hospitals for patients

From Dr. R. S. Francis and others

Sir, Hospital consultants are deeply disquieted by current trends in hospital administration, which seems bent on meeting its own rather than patients' needs. May we offer two current examples.

1. In our own acute hospital of 962 beds, the work load has sharply increased following neighbouring hospital closures, of which more are in prospect. As a result, the face of the hospital has been changed. Patients who are admitted to hospital during the day are now being kept in hospital overnight. Patients who are admitted to hospital during the day are now being kept in hospital overnight. Patients who are admitted to hospital during the day are now being kept in hospital overnight.

2. Two days' holiday have been allowed to run concurrently with Christmas and New Year holidays. Thus, including Christmas and New Year, there are now four periods of holiday in the year. This means that no money to pay holiday overtime rates, routine services are either closed or severely restricted for at least four days at a time—i.e. X-ray, laboratory, laundry, sterile supplies, departmental clinics, operating theatres etc.

Keeping libraries intact

From Canon F. Bussby

Sir, It is good news that the library of John Locke is now safely in the Bodleian, due to a wealthy benefactor (letter, December 9).

I should like to draw attention to the cathedral libraries of the country which are among the diminishing number of private libraries. Most of them do not represent the corporate interests of a small group of men, very often over a long period beginning (as in our own case) some 600 years before the present time. They are the property of the Bodleian, some countries earlier. We even contributed manuscripts to the creation of the Bodleian and the Bodleian Library. Today our united libraries must contain tens of thousands of valuable manuscripts and books.

In 1975 some cathedral librarians met together and formed an association for mutual encouragement and help. We meet annually at Lambeth Palace. Some of us are highly professional, others (like myself) are keen amateurs. At our last meeting in November some 30 of us were present from all over England, from Wells to Durham. Our problems are very different. Those of our libraries have recently been associated with a modern university seem to have solved many of their problems. The majority, however, are libraries away from universities and with few if any endowments for library purposes. But we try to help ourselves. There is limited scope for transparency, post cards, booklets, and the admission of visitors at certain times, to make a little income to maintain and to further the service of the library.

It is vital, we believe, not only to the libraries but also to the country. It is, for example in Winchester, much more significant to have the books and archives of the monastery and the cathedral which have accumulated over a thousand years within the living body of the cathedral at the present time. What applies to Winchester no doubt applies elsewhere. Moreover they

"Let me make just one comparison, in the field of staffing. No doubt the examples of the fermenting work that the Public Accounts Committee does are impressive enough. Indeed I cannot praise that staff too highly. Parliament is admirably served at all levels. Yet we could, I believe, learn very much from an overseas experience."

"Of the 622 devoted staff employed by the Comptroller and Auditor General, 100 are accountants, 500 are specialists, over 120 are mathematicians, 36 engineers, 37 computer scientists, more than 170 economists (Heaven help him) and 186 other specialists."

"Of course the financial audit is of very great importance. This is what we do in Britain, and do effectively. However, enquiries as to economy and efficiency and whether government departments are managing and using resources efficiently and whether the desired results or benefits are being achieved, surely are of much greater importance. These enquiries, by and large, our British Parliament does not make. In a short sentence, we are only doing a part of the job we should be doing."

"It is necessary to modernise the machinery. Matters cannot go on as they are. It is simply not good enough that the British Parliament gives to outside observers the impression of being an amiable, eccentric, old-fashioned fuddy-duddy assembly, unconcerned to do a practical job in the modern world, unwilling to modernise its processes."

These have been my views for years. You may think that there is little of the complacency of which Professor Stamp complains to be found in these quotations.

As I said in a speech in Bristol last Friday, the lesson of the Crown Agents affair (with the advantage of hindsight) is not that people make mistakes who should not have, it is that Parliament has not for years exercised an adequate control over public expenditure. Nor has Parliament equipped itself with adequate tools for this purpose. The extent of Professor Stamp and I are at one, and I am glad we are. It is a pity however he is not a more assiduous reader of your excellent newspaper which has several times published in my name the views quoted above—and discussed the matter in excellent leading articles. Yours faithfully, EDWARD DU CANN, House of Commons, December 12."

Administrators have been warned repeatedly by senior medical and nursing staff that the service disrupts hospital timetables and endangers lives. We have pointed to an example of how a typhoid patient's diagnostic blood test result was delayed five days in August 1976, but pressure from auxiliary workers has led the administration to reject our advice that the two extra holidays be staggered.

The nurses' determination to maintain the service in the face of this policy has even led them on one occasion, to take patients' dirty linen in small lots to their local laundrette; and in the wider context it is a pity that the possibility of misrepresenting and attacking the Communist Party, by saying "if one were to ban parties because they were totalitarian in their objectives" then plainly the Communist Party would have to be banned."

The draft programme of our Party, *The British Road to Socialism*, overwhelmingly endorsed at the 35th Congress of the Communist Party held in London in November, makes clear that the socialist Britain we aim for envisages "freedom for all democratic political parties, including those hostile to socialism, to operate genuine freedom of the press, independence of the trade

Absenteeism in the House

From Mr. Timothy Raison, MP for Aylesbury (Conservative)

Sir, I don't altogether dissent from the criticisms in your leader, "Absenteeism in the House" (December 9), of the way in which the House of Commons has been handling the Scotland Bill. Whatever the reasons, attendances have been sadly low, and supporters of the Bill have been conspicuously absent. (Perhaps one reason is that many who voted for the Bill on the Government side do not in reality support it.)

I do not, however, believe that you have really understood the full impact of the guillotine. You say, quite rightly, that "the prospect of the referendum does not therefore reduce by one jot the responsibility of members to scrutinize this measure clause by clause." Nor does it; but the guillotine makes this utterly impossible.

Let me give an example of what happens. On Wednesday, December 7—the day when you took your attendance figures—I moved very briefly at about 7.30 pm a rather narrow amendment designed to elucidate the powers to issue guidelines to the Scottish Development Agency which the Government propose to retain. The debate swelled out into a wide ranging debate about the Scottish economy, with lengthy contributions from a Labour MP, the ex-Labour Air Silvers, and a Scottish Nationalist. This debate took up the whole of the period (up till 10 pm) allocated for three clauses; and as a result the totally important clause 40 on which the Government was in fact defeated in the vote—was never debated at all. This is the clause which would have made it perfectly possible for the Scottish Assembly to take a quite different

line over incomes to that of the Westminster government—to pay the firemen 15 per cent for example, at a time when the national policy is to abide by a firm 10 per cent.

This crucial issue—which the press incidentally seem to have overlooked—was only one of a number of major points which have escaped proper examination. This surely proves conclusively the theory that if you guillotine Bill at the start you get an orderly and systematic treatment of them, is untenable. What you get is an artificiality which inevitably prolongs some debates, just as it wipes out others.

Nevertheless, I do not accept that the critics are not offering relentless opposition, and I doubt if the ministers concerned would either. We may not have been speaking to packed Benches, but we have—both in the last session and this one—brought forward as well as we are able a range of important points—some broad, some detailed—which the press has overlooked, at least we have brought them up. Indeed, the press overall (though, to be fair, not you) has contributed strongly to the impression that devolution is a great bore.

Nor do the critics of the Bill believe that the argument in the Chamber no longer matters. If there is to be a referendum, it is preparing the ground for it. But must we really assume that members will not vote according to their convictions on third reading, just as they did on the guillotine in the last session? Yours faithfully, TIMOTHY RAISON, House of Commons, December 9.

Attack on National Front

From the General Secretary of the Communist Party of Great Britain

Sir, By exposing the National Front in your columns on Tuesday, November 15, was headed "Communists vote for plurality of Parties". Yours sincerely, GORDON MCLENNAN, General Secretary of the Communist Party of Great Britain, 16 King Street, WC2, December 12.

From Mr. Russell Proffitt

Sir, As someone who, as an alderman in Lewisham, was involved in the political arguments at the time of the violent National Front march last August, and also an immigrant from Guyana, I wish to disagree with your leading article on the Labour Party broadcast (December 9).

As I see it, there are three ways of combating racism. The first is to return to fighting in the streets. The second is to engage in a vigorous and sustained public debate to expose the evils of the National Front. The third is to spend more money removing the inner city squalor that breeds racism.

Those who, like me, reject the first alternative have a duty to support the other two. The Labour Party broadcast helped this debate in two ways. First, because its salient points were repeated in news broadcasts the following day. Secondly, because it tells us what must now be said time and time again: the National Front will not just disappear if we ignore them. We ignore them at the risk of jeopardizing our democratic institutions.

I have a strong feeling that the book which is apparently all too ready to crush the face of the black today will be the same book that will crush theirs tomorrow. Stand up, speak up, and stop them now. Tomorrow will be too late. Yours faithfully, M. R. PROFFITT, Prospective Parliamentary Candidate, City of London and Westminster South Labour Party, 12 Duncroft Road, SE13, December 11.

Public lending right

From the Secretary-General of the Arts Council of Great Britain

Sir, Your brief report, in later editions of *The Times*, of the Arts Council's deliberations on PLR has caused a great deal of misunderstanding among our friends in the literary world. May I, therefore, put the record straight?

The Council decided to defer consideration of a non-statutory public lending right scheme for two reasons. First, because it feels unable to consider a large new commitment before it knows what the effect of a grant-in-aid for the coming financial year, and the consequences for its existing clients.

Second, it believes that a non-statutory scheme would be very much a second-best, and it hopes the Government may set up a statutory scheme. A proposed private member's Bill provides an opportunity for Parliament to reconsider public lending right, and the Council hopes that time might be found for it.

Finally, I should emphasize that the Council's belief in the urgent necessity for a PLR scheme is undiminished, and it shares the dismay of writers that its introduction has been so long delayed. Yours sincerely, ROY SHAW, Secretary-General, The Arts Council of Great Britain, 105 Piccadilly, W1, December 2.

The Lord's Prayer

From Miss Caroline Crossland

Sir, You have published a lot of letters about the revision of the Lord's Prayer, but I do not think any of them have been from young people, for whom the new words are meant. I am thirteen and like the old words best. Whenever we say the Lord's Prayer at school we use the old words, and in fact I have never heard the new words anywhere other than at a Series III Holy Communion.

I am told that one of the reasons for changing the services is so that

unions, and the consolidation and extension of civil liberties won through centuries of struggle". Incidentally, the report of our Congress in your columns on Tuesday, November 15, was headed "Communists vote for plurality of Parties". Yours sincerely, GORDON MCLENNAN, General Secretary of the Communist Party of Great Britain, 16 King Street, WC2, December 12.

From Mr. Russell Proffitt

Sir, As someone who, as an alderman in Lewisham, was involved in the political arguments at the time of the violent National Front march last August, and also an immigrant from Guyana, I wish to disagree with your leading article on the Labour Party broadcast (December 9).

As I see it, there are three ways of combating racism. The first is to return to fighting in the streets. The second is to engage in a vigorous and sustained public debate to expose the evils of the National Front. The third is to spend more money removing the inner city squalor that breeds racism.

Those who, like me, reject the first alternative have a duty to support the other two. The Labour Party broadcast helped this debate in two ways. First, because its salient points were repeated in news broadcasts the following day. Secondly, because it tells us what must now be said time and time again: the National Front will not just disappear if we ignore them. We ignore them at the risk of jeopardizing our democratic institutions.

I have a strong feeling that the book which is apparently all too ready to crush the face of the black today will be the same book that will crush theirs tomorrow. Stand up, speak up, and stop them now. Tomorrow will be too late. Yours faithfully, M. R. PROFFITT, Prospective Parliamentary Candidate, City of London and Westminster South Labour Party, 12 Duncroft Road, SE13, December 11.

I have a strong feeling that the book which is apparently all too ready to crush the face of the black today will be the same book that will crush theirs tomorrow. Stand up, speak up, and stop them now. Tomorrow will be too late. Yours faithfully, M. R. PROFFITT, Prospective Parliamentary Candidate, City of London and Westminster South Labour Party, 12 Duncroft Road, SE13, December 11.

I have a strong feeling that the book which is apparently all too ready to crush the face of the black today will be the same book that will crush theirs tomorrow. Stand up, speak up, and stop them now. Tomorrow will be too late. Yours faithfully, M. R. PROFFITT, Prospective Parliamentary Candidate, City of London and Westminster South Labour Party, 12 Duncroft Road, SE13, December 11.

Heavy breathing

From Commander C. P. R. Bolton and others

Sir, Looking for an Admiral, Sir Frank (The Times, December 9)? Well, as you walk up sedately to the sixth floor with the Generals and Air Marshals, that figure sprinting past you two steps at a time carrying a pair of heavy briefcases is probably the First Sea Lord who daily tramples on us unfitly floor Desk Officers on his way up to the sixth.

We have the honour to be, Sir, your obedient servants, C. P. R. BOLTON, H. L. FOXWORTHY, T. E. WOODS, P. R. LLOYD, Directorate of Naval Operations Requirements, Ministry of Defence, Main Building, Whitehall, SW1, December 9.

From -Vice-Admiral Sir David Clutterbuck

Sir, If Frank Cooper's search is not confined to serving Admirals, I will gladly run up to the sixth floor with him. The MOD might like to offer a prize, a box of cigars perhaps. I am, Sir, yours faithfully, DAVID CLUTTERBUCK, Vice-Admiral, The Business Graduates Association, 87 Jermyn Street, SW1, December 9.

FRIENDS OF THE COMPREHENSIVES

When the Prime Minister pressed his party to take an interest in those problems of standards at school which the Tory Party had been inclined to regard as their own preserve, he presented his opponents with an awkward problem. Concern over the course of events in secondary education had brought many votes to the Conservatives in recent years; now their proprietary right in the issue were threatened. At the same time, the Shadow education minister, Mr. Norman St. John-Stevens, was determined to lead his party away from a nostalgic concentration upon grammar schools towards a closer involvement in the fortunes of the comprehensive schools now attended by eight out of every ten secondary pupils.

The pamphlet published yesterday shows the effects of this convergence. Mr. St. John-Stevens boldly declares that his party is the best friend of the comprehensive school, and that Labour governments, with their insistence on hustling local authorities into reorganization, however hastily devised and ill-financed, have behaved as its enemies. He hopes to retrieve the "comprehensive ideal" from the disrepute into which it has fallen. He would like to see an end to schools on split sites, or with makeshift accommodation and poor facilities. That is not very contentious:

few in the Labour Party would defend everything that was done in the name of reorganization in the 1960s. It is also common ground (even allowing for the reservations recently expressed by the Schools Inspectorate) that very large schools are apt to be "impersonal" and "over-bureaucratic. As for the mindless acclamation of "mixed-ability teaching that was fashionable a few years ago, it is already widely recognized as having been misconceived.

Mr. St. John-Stevens lays claim to a distinctively Tory appreciation of the importance of variety in the system. Yet the variation in teaching methods, disciplinary style and special subjects that he calls for has already been accepted by Mrs. Williams: of something worth featuring. Of course, the Government's conversion on these matters is recent: that the Tories can fairly claim that their own concern is the more sustained and genuine. The pamphlet will be scanned by its author's opponents for evidence that he is seeking to introduce discriminatory "selective principles into the comprehensive framework. Selection by merit is not a concept that he is anxious of. On teaching methods he is not dogmatic; even mixed ability teaching is judged acceptable in skilled hands. He is less warm towards strict streaming on a basis of overall ability than

towards flexible "setting", where a child may be in advanced classes for the subjects he is good at and slower ones for those he finds harder.

As far as selection at entry into school is concerned, he says that parents should have more scope to choose between schools in their district, while the schools themselves should be able to select pupils with an aptitude for whatever specialist subjects they teach. He disclaims any desire to see the disparities in quality between good and bad schools widened by these developments. No stampede of able pupils towards well-regarded schools need result, he says, so long as there is "that same parity of esteem for which the architects of the old tripartite system hoped". But of course parity was never more than a plea for hope in the old system, and we know today that it is not necessarily much more in a comprehensive one. Selection of pupils by specialist aptitude is right and natural where Russian or music are concerned. But it easily shades into selection by general aptitude, which would tend to entrench that difference between grammar, "comprehensives" and secondary schools which Mr. St. John-Stevens clearly identifies as incompatible with the "comprehensive ideal" to which he adheres.

A GREAT PARTNERSHIP

until September, 1908, when I married and lived happily ever afterwards". With those words Sir Winston Churchill ended that enchanting book *My Early Life* and did much to explain the success of his own career. Like many men who have tempestuous lives he required a secure domestic background to sustain and refresh him. That was what Lady Spencer-Churchill brought throughout the fifty-seven years of their marriage. In the many disappointments and reverses that interspersed the triumphs in his long years in public life he could always be sure of a contented home and warm family affections.

But while marriage was her vocation, she was not one of those wives who remain always in the background, loving but largely unnoticed. She was a gracious hostess, at ease on

public and private occasions. She was also a person of decided views and vivid personality, whose impact was not lost even in the company of such a forceful character as her husband. She lived at his side but not simply in his shadow. She contributed positively and enthusiastically to the success of his career, but without sacrificing her own opinions. She was loyal in action, but firm with advice. The periods of her life that will be recalled most readily by the majority of people today are the war years and Sir Winston's retirement. During the Second World War she was the ideal consort to a great national leader: charming, imposing, but with her own distinctive interests as well—most especially as chairman of the Red Cross Aid-to-Russia Fund. In Sir Winston's old age she was the ever-present comfort. But it is when things are

not going well that a wife's achievement is often greatest. In the earlier years of their marriage, when Sir Winston's career experienced as many downs as ups, she was his spirited champion, "campaigning on the hustings with him—in one election instead of him, when he was out of action through illness—and never losing faith in his destiny.

That quality was particularly valuable during Sir Winston's years in the wilderness during the 1930s. It was in no small measure due to her that he emerged from that experience with his spirit toughened and broken, with his energies unimpaired and with the confidence to inspire a nation. It is for that reason above all others that this country owes a debt to a great lady of individual accomplishments whose life's work was a partnership.

Unwritten laws

From Mr. J. J. Doherty

Sir, In his review of Fort Grimlock Mr. Grimmond hardly promotes the cause of fog dispersal with his summary dismissal of "natural rights" and "natural justice". These concepts, defining an order anterior to positive law, have been at the heart of reform, revolution and progress throughout the ages and are widely recognized today by peoples if not always by governments and lawyers.

On December 10, 1948, the United Nations Assembly promulgated its Universal Declaration of Human Rights, of which Article 1 begins: "All human beings are born free and equal in dignity and rights" and can anyone doubt that the Assembly was expressing a generally held consciousness of objective rights quite independently of the legal situation in any country, and by which it is possible validly to criticize any and every regime? Is

it not the same consciousness to which Sophocles refers in the eloquent words which he puts into the mouth of Antigone in her appeal to the "unwritten laws" which are eternal and absolute and cannot be cancelled by man made edicts? Yours faithfully, J. J. DOHERTY, 136 Colehill Road, Birmingham, December 8.

Postal services

From Mr. G. V. Wolf

Sir, We often have cause to complain about the Postal service. However, the following service is surely a record in efficiency:—

On Thursday, December 1, I posted two postcards, second-class mail, at Cross, which is a small hamlet in the most north eastern tip of the Isle of Lewis in the Hebrides. One postcard was addressed to my house, in

Cheshire and one to my office in Manchester. I returned to Manchester on the same day and to my very great surprise, these two postcards were delivered to the respective addressees at 8 o'clock on the morning of Friday, December 2. Praise be given where praise is due!

I do not think there can be a bigger contrast from the service mentioned above to the one we experienced two weeks ago when a letter posted first-class in London (Kensington) reached this office in Manchester 10 days later. Is there an explanation for such a difference in the service? Yours faithfully, G. V. WOLF, Chairman and Managing Director, Victor Wolf Limited, Chemical Manufacturers, Victoria Works, Croft Street, Clayton, Manchester, December 5.

Science report Batteries: Modelling the future

A pair of satellites recently launched from Cape Canaveral should considerably increase our knowledge of the magnetic field surrounding the earth. One of the satellites, built by the European Space Agency, contains a small battery which represents a technical advance of a strictly down-to-earth variety. For the first time in Europe the stringent specifications on the operation of a spacecraft battery have been met by direct calculation rather than by a tedious process of trial and error. The ability to do such calculations is a crucial factor in the development of battery vehicles.

Reliable batteries with long life-times are required which avoid these difficulties, and that means careful attention to the heat-transfer properties of the battery design. Previously a trial and error approach has been used, a procedure that is time-consuming and inefficient. Now the heat transfer properties can be calculated using a simple model of the cell and its environment, thermodynamics and a well established technique called network analysis. The procedure is described by Dr P. Montanari, of the European Space Agency's laboratory, Esch, in The Netherlands, and Dr P. Strangerup, of Elektroteknik, Copenhagen, in Denmark. They have set up a computer model for a small nickel-cadmium battery used in spacecraft and calculated the performance of that battery using minor modifications of existing standard computer programs. Measurements on a real battery verified the results of their calculations. The technique seems therefore to work and will obviously be of great practical significance in the design of future batteries for spacecraft and for electric vehicles. The behaviour of the battery in orbit at present has been predicted by this technique: a multimillion pound satellite mission is relying on it. By Nature-Times News Service, 1977.

Small Welsh choirs change the tune

By Tim Jones

In spite of a plethora of less demanding amusements the great choirs of Wales survive. Chapel and pits, once the pivotal centre of mass music, may close but the choirs remain a phenomenon of the industrial south. Critics who forecast that the choirs would decline in proportion to the availability of television in the valleys and industrial centres have been forced to reassess their opinion. But while the great male voice choirs of up to 140 members retain their prestige, there is a growing feeling that they are too steady and too safe. Increasingly in the country there is a greater emphasis on the smaller mixed choirs who forsake the "new Rhonda" for Bach, Beethoven and Brahms. Next month Cardiff Polyphonic Choir and the Philharmonia Orchestra will combine with the Via Nova Choir, Munich, and guest artists to stage one of the most ambitious concerts ever formed in Wales, Haydn's *The Creation*. It will be the first of six concerts produced by RTV Wales in the 1978 Cardiff Festival of Choral Music. The *Creation* will be staged at St David's Cathedral in spite of fears by the organizers that its acoustics and seating capacity do not match its architectural splendour. The difficulties involved in the production brought renewed pleas yesterday from Mr Aled Vaughan, director of programmes for Wales, for the building of a purpose-built concert hall in the capital city.

Surrender document makes £3,100

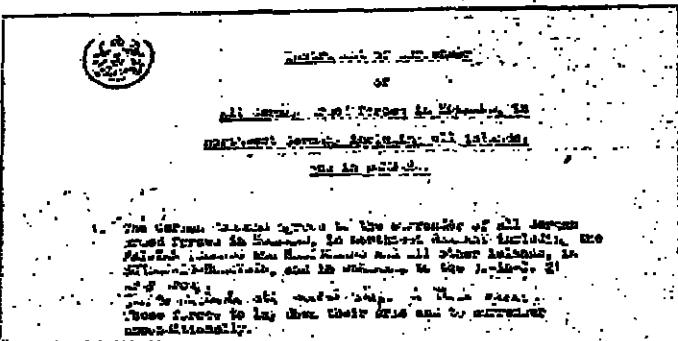
By Geraldine Norman
Sale Room Correspondent

A copy of the final draft of the instrument of surrender of the German Armed Forces to Field Marshal Montgomery, drawn up on May 4, 1945, was sold at Sotheby's yesterday for £3,100 (estimate £800 to £1,000). The buyer was Mr Donald Wilson, a British private collector.

The draft is typewritten on paper headed with the royal arms and bears pencil emendations in Montgomery's hand. The final document, signed in Montgomery's car at Lüneburg Heath, now in the Imperial War Museum, bears the same manuscript emendations. No other drafts of the document are known.

It was sold with a group of other souvenirs of the surrender, including a pencil plan of the sector at the signing, identified as having been written by Admiral von Friedenburg, Doehle's emissary, on the day before his suicide. The sale was devoted to manuscript material and documents totalling £56,595, with 6 per cent unsold. The top price of £5,400 (estimate £2,000 to £3,000) was for a vast archive of papers dating from the fifteenth to seventeenth century relating to the Ferrers family, of Tamworth Castle.

The London Museum acquired a group of papers of the eighteenth and nineteenth centuries relating to Newgate Jail, including letters written by condemned prisoners. The price was £350 (estimate £300 to £400). The States of Guernsey acquired three lots of papers relating to the history of the Channel Islands for a total of £550, and the public archives of Canada made similar purchases totalling £340. The Institute of Chartered Accountants spent £350 (estimate £180 to £250) on the account



Part of the draft of the instrument of surrender.

book kept by a West Country draper between 1654 and 1667.

Christie's sale of Chinese ceramics and works of art yesterday contained a rare group of six famille verte plates traditionally held to have been made for the sixtieth birthday of the Emperor K'ang Hsi in 1713. They are of outstanding quality, each differently decorated with simple but arresting bird and figure designs usually associated with famille rose "Chinese taste" pieces.

The prices emphasized the importance of condition. The top price was £10,500 (estimate £6,000 to £10,000) for a plain perfect condition decorated with a cicada and an insect emerging from a chrysalis on a flowering and fruiting cherry branch. The lowest was £400 (estimate £3,000 to £5,000) for a bird-decorated plate, chipped with a 1½-inch crack.

The sale made £221,724, with 20 per cent unsold. The star lot failed to find a buyer. It was a sixth-century gilt-bronze figure of a *Avulokitesvara*, bought in at £16,000 (estimate £15,000 to

£20,000). The top price of £15,000 (estimate £17,000 to £22,000) was paid by Eskenazi for a large famille rose saucer dish finely painted with blossoming branches in Chinese taste.

Sotheby's also sold original ceramics including a collection of Chinese, Korean and Thai items belonging to Warren E. Cox Associates. The sale totalled £34,873, with 11 per cent unsold. A second sale devoted to Nepalese, Tibetan, Indian and South-east Asian art made £74,728, with 37 per cent unsold.

Bronze and gilt-bronze devotional figures proved difficult to sell, but a Nepalese gilt-copper figure of Gautama Buddha dating from about 1400 was sold at £6,500 (estimate £3,000 to £10,000). A sale of carpets and items of Islamic interest held by Sotheby Parke Bernet in New York on Saturday made £568,600, with 26 lots unsold.

The sale of the contents of 22 Kensington Palace Gardens, held by Christie's yesterday on behalf of the family of the Duchess of Marchena, realized £109,460, with 3 per cent unsold.

Law Report December 12 1977 Court of Appeal

Emigration to Rhodesia: ban breached after public advertisement

Attorney General's Reference (No 2 of 1977)

Before Lord Widgery, Lord Chief Justice, Lord Justice Goff, Lord Justice Byrne and Lord Justice Park

The prohibition against soliciting or encouraging "members of the public generally" to emigrate to Southern Rhodesia is breached by a person who issues advertisements in newspapers for persons wanted for overseas and who, in interviewing a selected applicant, enables him to enter into contracts to be served in Southern Rhodesia.

The prohibition against soliciting or encouraging "members of the public generally" to emigrate to Southern Rhodesia is breached by a person who issues advertisements in newspapers for persons wanted for overseas and who, in interviewing a selected applicant, enables him to enter into contracts to be served in Southern Rhodesia.

The Court of Appeal, giving an opinion in a reference by the Attorney General under section 36 of the Criminal Justice Act, 1972, answered yes to the question whether article 14(1)(b) of the Southern Rhodesia (United Nations Sanctions) (No 2) Order, 1965 [SI 1965 No 1020] is contravened where the defendant, . . . does any act calculated to solicit or encourage a person to take up employment or residence in Southern Rhodesia, and such solicitation or encouragement is directed to such person as a member of the public generally . . .

Article 14(1) provides: . . . no person shall—(a) publish any advertisement . . . soliciting or encouraging other persons to take up employment or residence in Southern Rhodesia; or (b) do any other act calculated to solicit or encourage members of the public generally or members of any particular class of the public to take up such employment or residence.

Mr David Tudor Price for the Attorney General; Mr J. Lloyd-Evry, QC, and Mr Brian Warner for an unnamed man, who was acquitted at trial.

The LORD CHIEF JUSTICE said that article 14, which had been described as a Draconian provision, was designed to prevent the assistance or encouragement of emigration to Southern Rhodesia.

The man placed in various newspaper advertisements reading "Wanted men/women £150 pw. Flc overseas and a date of the address to which to write for further details. Many people wrote, and arrangements were then made for appointments at an hotel. After the meetings the man sent application forms or made other arrangements for a contract under which the named applicant would go to Southern Rhodesia.

The indictment contained 10 counts, each naming one of the persons interviewed. The form of each count was to name the unnamed man and charge him with promoting emigration to Southern Rhodesia, contrary to section 2 of the Southern Rhodesia Act, 1965, and article 14(1)(b).

The LORD CHIEF JUSTICE said, on a day between March 20, 1965, and April 27, 1965, did an act calculated to solicit or encourage a member of the public (who was named) to take up residence or employment in Southern Rhodesia, namely, sent him an application form, in the name of the Immigration Promotion of Rhodesia.

During the trial objection was taken to the charges. Its substance was that the reference under article 14(1)(b) related to members of the public generally and only a single member of the public was identified in each charge, which was not enough to amount to the offence.

The Crown's answer was to rely on the interpretation Act, 1889, by virtue of which the plural could include the singular, so that the objection amounted to a single individual was cured.

The trial judge was unable to accept the Crown's argument. His ground was that the reference in article 14(1)(b) to members of the public was to a group of persons, and that the offence was committed only if the defendant, given in a formal notice at the end of argument, were first to ask "How can I recruit members of the public generally" to make sense?

His Lordship ventured to think that the answer to this question was that it was not the sequence of words by a title, it would make sense at once. "I member of the public generally" in their Lordships' estimation, was exactly the same as "a member of the general public". There was, therefore, no difficulty about applying article 14(1)(b) to the situation.

The trial judge went on to say "The context is such that it is impossible as I say to read (b) as in the alternative 'a member of the public generally'. Had the words 'generally' not been there the arguments adduced by [the Crown] would have been sound."

but as it is, the words "generally" are there, and the conclusion, therefore, that these counts do not disclose an offence within that apparent intention of the public generally, under article 14(1)(b), and in those circumstances this submission succeeds."

Their Lordships' view was that the men were initially contacted by the unnamed person accused as members of the general public, members of the public generally, whichever phrase was used. The facts that they were then identified as individuals and named as individuals in the various counts did not in any way prevent their having been recruited as members of the public generally, which was the clear object of article 14(1).

For those reasons the Attorney General's question was to be answered in the affirmative. The Solicitors: DPP; Lynn Rehm & Co.

Withdrawal date for new tenancy applications

Covell Mathews & Partners v French Woods Ltd
Before Lord Justice Buckley, Lord Justice Bridge and Sir David Cairns
[Judgments delivered December 9]

The Court of Appeal held that on an application by tenants by way of an originating summons in the Chancery Division of the High Court for leave to withdraw their application for the grant of a new business tenancy, the date of the withdrawal referred to in section 64(2) of the Landlord and Tenant Act, 1954, could only be the date of the judgment on which leave to withdraw was given and the court had no power to back-date such orders.

Their Lordships dismissed an appeal by tenants, Covell Mathews & Partners, who had applied for a new tenancy from their landlords, French Woods Ltd, from Mr Justice Graham (The Times November 4, 1976; [1977] 1 WLR 876), who held that the date of withdrawal was the date of the judgment on which leave to withdraw was granted and affirmed that part of his decision.

Order 21, rule 3(1) of the Rules of the Supreme Court provides that "Except as provided by rule 2, a party may not discontinue an action (whether begun by writ or otherwise) . . . or withdraw any particular claim made by him . . . without leave of the court, and the court may order such action . . . to be discontinued . . . or made on such terms as to costs as it thinks just."

Mr Paul Butterbury for the tenants; Mr Michael Barnes for the landlords.

LORD JUSTICE BRIDGE said that in 1950 the landlords granted a lease of 14 years to the tenants of business premises, in Lexington Street, Piccadilly, London, at an annual rent rising to a maximum of £5,500. The contractual term was due to expire on June 24, 1973. On December 21, 1972, the landlords gave notice under section 25 of the Landlord and Tenant Act, 1954, of the termination of the tenancy on June 24, 1973. On February 5, 1973, the tenants served a counter-notice on the landlords and on March 13, 1973, issued an originating summons in the Chancery Division applying for a further term of seven years at an annual rent of £5,500.

The parties negotiated for two years, but the negotiation broke down and in December, 1975, the tenants vacated the premises leaving sub-tenants in occupation of part of them. On January 23, 1976, the tenants applied under Order 21, rule 3, for leave to discontinue their application for a new tenancy because by an originating summons, and on February 2, 1976, the landlords issued a summons to determine an interim rent. Both applications came before the master on March 26, 1976. Nothing turned on the matter of the interim rent, and on the tenants' application for leave to discontinue the master limited that he would grant the leave sought, but at the landlords' request the matter was referred to the judge. A date for the hearing was fixed for July, but it was adjourned at the request of the landlords, and the *habeas corpus* intervened. The judge agreed that if the judge granted the leave, the correct date should be July.

On October 29, 1976, Mr Justice Graham heard the application and, on November 1, delivered a reserved judgment in which he held that the date of withdrawal for the purposes of section 64 should normally be the date of the judgment when leave to withdraw was given.

Order 21, rule 3 contemplated

discontinuance . . . not withdrawal of proceedings, and should be such. The primary question in the appeal was the exact date on which the order granting leave to discontinue took effect.

It was the date when the order was made, the court had power to back-date it.

It turned on the construction of the particular language of the order. In the case of a tenant applying for a new lease who had proceeded by way of an originating summons in the Chancery Division and then wished to discontinue the proceedings it was clear beyond doubt that the date of "withdrawal" as used by section 64 could only mean the date on which the order was granted.

Young, Austen & Young Ltd v British Medical Association [1977] 1 WLR 881. One must wait until the order was made and, therefore, it could not be said that any other date was effective. Three months after the date when the order was made, the tenant would be obliged to give the contractual or interim rent.

On the question whether the court had power to back-date the order made only the court's clearest language in the Act of the rules could empower the court to act retrospectively so as to deprive a landlord of his rights.

If there were any such power, it had to be found in the words of Order 21, rule 3, namely "on such terms as to costs as it thinks just." Those words could not be construed as giving the court retrospective powers to back-date the order for leave to discontinue, because the words "such terms" were the terms imposed on the applicant by the court who might grant him such leave. They could not apply to the respondents to the application.

If it were wrong on that finding, he would have reached the same conclusion by another route because the position of the parties by the time they came before the master or the judge when leave to discontinue might be granted to the tenant was that, up until that time, the tenancy would have continued. That meant that the tenant alone had the right to occupy and be alone, in the circumstances of the present case, was entitled to receive, and possibly had received, any rent payable by sub-tenants, while the landlord had no right to resume possession otherwise than by agreement with the tenant. Under the order, the court had no such retrospective powers.

There were startling anomalies between the county court and High Court rules because, by Order 18 of the former, a tenant could discontinue his application for a new tenancy as of right and without seeking leave of the court. That anomaly might have escaped the attention of the rule makers of both committees, who might wish to consider an amendment.

SIR DAVID CAIRNS, concurring, said that there was no inherent jurisdiction in the High Court to back-date its orders; for example, neither a money judgment nor a decree of divorce could be ordered retrospectively. The character of Order 21, rule 3 was such that it would be absurd to say that leave to discontinue could be back-dated.

LORD JUSTICE BUCKLEY, also concurring, said that what could not be done without leave of the court could not be done until such leave was obtained. There was no power conferred on the court to kill an action and then order that it should be deemed to have been killed at an earlier stage. Regarding the anomalous position of a tenant proceeding under the Chancery Division, under the court could not properly express views as to whether an amendment should be made or if made, what form it should take.

Solicitors: Way, May & Morris; Theodore Goddard & Co.

Order 21, rule 3 contemplated

discontinuance . . . not withdrawal of proceedings, and should be such. The primary question in the appeal was the exact date on which the order granting leave to discontinue took effect.

It was the date when the order was made, the court had power to back-date it.

It turned on the construction of the particular language of the order. In the case of a tenant applying for a new lease who had proceeded by way of an originating summons in the Chancery Division and then wished to discontinue the proceedings it was clear beyond doubt that the date of "withdrawal" as used by section 64 could only mean the date on which the order was granted.

Young, Austen & Young Ltd v British Medical Association [1977] 1 WLR 881. One must wait until the order was made and, therefore, it could not be said that any other date was effective. Three months after the date when the order was made, the tenant would be obliged to give the contractual or interim rent.

On the question whether the court had power to back-date the order made only the court's clearest language in the Act of the rules could empower the court to act retrospectively so as to deprive a landlord of his rights.

If there were any such power, it had to be found in the words of Order 21, rule 3, namely "on such terms as to costs as it thinks just." Those words could not be construed as giving the court retrospective powers to back-date the order for leave to discontinue, because the words "such terms" were the terms imposed on the applicant by the court who might grant him such leave. They could not apply to the respondents to the application.

If it were wrong on that finding, he would have reached the same conclusion by another route because the position of the parties by the time they came before the master or the judge when leave to discontinue might be granted to the tenant was that, up until that time, the tenancy would have continued. That meant that the tenant alone had the right to occupy and be alone, in the circumstances of the present case, was entitled to receive, and possibly had received, any rent payable by sub-tenants, while the landlord had no right to resume possession otherwise than by agreement with the tenant. Under the order, the court had no such retrospective powers.

There were startling anomalies between the county court and High Court rules because, by Order 18 of the former, a tenant could discontinue his application for a new tenancy as of right and without seeking leave of the court. That anomaly might have escaped the attention of the rule makers of both committees, who might wish to consider an amendment.

Solicitors: Way, May & Morris; Theodore Goddard & Co.

If you're looking for a low tar cigarette surely it makes sense to smoke Silk Cut.

The Silk Cut range: All tobacco: Green 44p. Blue 47p. Red 51p. King Size 55p. International 62p.
With 25% tobacco substitute: Blue 47p. King Size 55p or with 40% tobacco substitute: Ultra Mild 55p.

Recommended prices at 8th Dec.

SC012

LOW TAR As defined by H.M. Government
H.M. Government Health Departments' WARNING:
CIGARETTES CAN SERIOUSLY DAMAGE YOUR HEALTH

هذا ان الاصل

SPORT

Cricket

Unsatisfactory Test practice for both England and Pakistan

From John Woodcock
Cricket Correspondent

Both the English and Pakistani cricket teams have had unsatisfactory practice sessions today, the Englishmen because of inadequate facilities, the Pakistanis because they have been unable to get their batsmen into the field. The fact that the Pakistanis have only one batsman in the field is a reflection of the fact that the Pakistanis are not used to playing in England. The Englishmen, on the other hand, have had a very good practice session, but the fact that they have only one batsman in the field is a reflection of the fact that they are not used to playing in Pakistan.

Noticeable lack of interest in Packer players

Melbourne, Dec 12.—Kerry Packer's World XI cricket team have been back today for their first match under floodlights with Mr Packer's revolution still failing to attract widespread public interest. The lack of interest in the Packer players became noticeable today when for the first time in several days some of them were seen to be looking at the Packer brand of cricket.

Another touring team upset by W Australia

Perth, Dec 12.—The Indian cricket team were today again defeated by a state side on the Australian tour today when they lost to Western Australia by 150 runs. The Indians, who were in Perth for their first match, were again upset by the Western Australians, who were in Perth for their first match.

Racing

Persian Camp to pitch high in no-man's-land

By John Karpier

Richard Head, whose ever-improving steppeler, Uncle Bing, was just caught by Evie Melody in the Massey-Ferguson Gold Cup at Cheltenham on Saturday, should gain a small measure of compensation through Persian Camp in the Persian Camp Steeplechase at Plumpton today. Persian Camp has to overcome two weight and has to prove himself over the distance, but he is the class to pull through against this opposition.

Scotland will not feel Lanark loss

After the announcement by the Lanark Racecourse Executive that the Scottish course was to be closed, Sir Desmond Plummer, the chairman of the Lanark Racecourse, said that the Scottish course was to be closed. Sir Desmond Plummer, the chairman of the Lanark Racecourse, said that the Scottish course was to be closed.

Scotland will not feel Lanark loss

After the announcement by the Lanark Racecourse Executive that the Scottish course was to be closed, Sir Desmond Plummer, the chairman of the Lanark Racecourse, said that the Scottish course was to be closed. Sir Desmond Plummer, the chairman of the Lanark Racecourse, said that the Scottish course was to be closed.

A buyer for Aintree course still sought

Aintree racecourse, home of the Grand National, is still on the market for £2.5m. The track's official receiver Colin Davies gave the news at a press conference in Liverpool yesterday. Mr Davies added that the ideal solution to preserve the National was for a buyer to be permitted from the local authority to increase the number of stabling facilities on the 250-acre site, Peter Thompson, managing director of Ladbroke's, who currently manages the course, said that he was pleased with the response for tickets to the big 1978 event.

Mannyboy is bound for Chepstow

Although jock Gifford, the trainer, is sure that Mannyboy, the Welsh National at Chepstow, will be the seven-year-old's main objective this season, Mr Pullen has had 55 winners in 23 years as an owner, but has had only one runner in the Aintree Grand National. Mr Pullen has had 55 winners in 23 years as an owner, but has had only one runner in the Aintree Grand National.

Teesside Park programme

12.45 WYNWARD HURDLE (Div. I: 3-y-o novices: £340: 2m 17yds)
1.15 MANDALAY HURDLE (Handicap: 4-y-o: £272: 2m 17yds)
1.45 LADDER HURDLE (Handicap: £882: 3m 31yds)
2.15 LADDER HURDLE (Handicap: £874: 2m 17yds)
2.45 LADDER HURDLE (Handicap: £874: 2m 17yds)
3.15 WYNWARD HURDLE (Div. II: 3-y-o novices: £340: 2m 17yds)

Plumpton programme

1.0 HENFIELD HURDLE (Handicap: 3-y-o novices: £340: 2m 17yds)
1.30 KEYMER STEEPCHASE (Handicap: novices: £669: 3m)
2.0 DECEMBER HURDLE (Handicap: £710: 2m)
2.30 PETER CAZALE STEEPCHASE (Handicap: £828: 2m 75yds)
3.0 DITCHING HURDLE (Div. I: Novices: £450: 3m)
3.30 DITCHING HURDLE (Div. II: Novices: £461: 3m)
Teesside Park selections
Plumpton selections

Nottingham results

1.0 HENFIELD HURDLE (Handicap: 3-y-o novices: £340: 2m 17yds)
1.30 KEYMER STEEPCHASE (Handicap: novices: £669: 3m)
2.0 DECEMBER HURDLE (Handicap: £710: 2m)
2.30 PETER CAZALE STEEPCHASE (Handicap: £828: 2m 75yds)
3.0 DITCHING HURDLE (Div. I: Novices: £450: 3m)
3.30 DITCHING HURDLE (Div. II: Novices: £461: 3m)
Teesside Park selections
Plumpton selections

LA CREME DE LA CREME

£4,000 p.a.

Our newly appointed Director and General Manager requires an efficient Secretary, over 23, to assist him in the varied and interesting activities of our group of companies, in Jersey St., off Piccadilly. Own comfortable office, friendly atmosphere, luncheon vouchers. Hours 9.30-5.30. Salary not less than £4,000 for the right person. Apply: Box 0075K The Times

18 at £4,000

NOW is the time to pick up a top job for 1978 without leaving your current job. We are seeking crack professional secretaries (with shorthand) in 18 vacancies at £4,000 per annum. The ideal candidate will be a professional secretary with a minimum of 5 years' experience in a similar position. We offer a competitive salary, excellent benefits, and a challenging role. Apply to: The Times, Box 0075K.

DOCTOR'S SECRETARY

LONDON, W.1

Secretary required by well known London doctor residing in W.1 district close to Regents Park and Oxford Circus. Excellent salary and benefits. Apply to: The Times, Box 0075K.

INTERNATIONAL FASHION HOUSE

requires Secretary/P.A. for Managing Director/Assistant. Own initiative, knowledge of fashion essential. Own office in modern shopping centre in W.1 area. Salary negotiable. Please reply to the Managing Director, Regatta & Co. Ltd., 150 Regent St., W.1. Tel: 01-477 1100.

ADVANCE TO MAYFAIR

Young, dynamic Financial Consultant, with extensive experience in the City, offers a challenging role in a leading financial institution. Salary £4,000 p.a. Apply to: The Times, Box 0075K.

EXPERIENCED RECEPTIONIST

TO START JANUARY 3rd

Spoken and intelligent young woman with previous receptionist experience in a busy office. Excellent salary and benefits. Apply to: The Times, Box 0075K.

EMBASSY

requires a highly qualified and stable person, aged between 25-40, graduate in English preferred for correspondence duties. Typing essential. Salary according to experience. Please telephone for appointment 01-589 1178

Experienced Secretary

friendly, efficient, with previous experience in a busy office. Excellent salary and benefits. Apply to: The Times, Box 0075K.

FAST MOVING

Very fast growing autonomous company of computer and electronic equipment. We are looking for a highly motivated and experienced person to join our team. Salary and benefits negotiable. Apply to: The Times, Box 0075K.

JOYCE GUINNESS BUREAU

21 BROMPTON ARCADE, LONDON, W.1

Recruitment Consultants

SECRETARIAL

SECRETARY

International Medical Personnel

SECRETARY

requires a highly qualified and stable person, aged between 25-40, graduate in English preferred for correspondence duties. Typing essential. Salary according to experience. Please telephone for appointment 01-589 1178

SECRETARY

requires a highly qualified and stable person, aged between 25-40, graduate in English preferred for correspondence duties. Typing essential. Salary according to experience. Please telephone for appointment 01-589 1178

SECRETARY

requires a highly qualified and stable person, aged between 25-40, graduate in English preferred for correspondence duties. Typing essential. Salary according to experience. Please telephone for appointment 01-589 1178

DESIGN COUNCIL

requires a bright, intelligent

SECRETARY/P.A.

for the Advertisement Manager of one of our Magazines. The ideal candidate will be a professional secretary with a minimum of 5 years' experience in a similar position. We offer a competitive salary, excellent benefits, and a challenging role. Apply to: The Times, Box 0075K.

ADMINISTRATIVE ASSISTANT

Urgently required for responsible position running British Association of Occupational Therapists. The ideal candidate will be a professional administrative assistant with a minimum of 5 years' experience in a similar position. We offer a competitive salary, excellent benefits, and a challenging role. Apply to: The Times, Box 0075K.

SECRETARY/P.A.

requires a highly qualified and stable person, aged between 25-40, graduate in English preferred for correspondence duties. Typing essential. Salary according to experience. Please telephone for appointment 01-589 1178

SECRETARY/P.A.

requires a highly qualified and stable person, aged between 25-40, graduate in English preferred for correspondence duties. Typing essential. Salary according to experience. Please telephone for appointment 01-589 1178

City Offices
mpton & Sons

01-236 7831

§ Forward bargains are permitted on two previous days

BRITISH FUNDS										COMMONWEALTH AND FOREIGN										LOCAL AUTHORITIES										FOREIGN STOCKS										DOLLAR STOCKS										BANKS AND DISCOUNTS										BREWERY AND DISTILLERIES										COMMERCIAL AND INDUSTRIAL										FINANCIAL TRUSTS										INSURANCE										INVESTMENT TRUSTS										PROPERTY										MISCELLANEOUS										SHIPPING										MINES										THE TIMES SHARE INDICES																LARGEST INDUSTRIAL COMPANIES																COMMODITY PRICES																CATTLE																SHEEP																PORK																BEEF																LAMB																BUTTER																EGGS																POULTRY																FISH																VEGETABLES																FRUIT																WINE																SPIRITS																TOBACCO																TEXTILES																CLOTHING																FURNITURE																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																	
High Low Stock										Price Chgs Yld										Price Chgs Yld										Price Chgs Yld										Price Chgs Yld										Price Chgs Yld										Price Chgs Yld										Price Chgs Yld										Price Chgs Yld										Price Chgs Yld										Price Chgs Yld										Price Chgs Yld										Price Chgs Yld										Price Chgs Yld										Price Chgs Yld										Price Chgs Yld										Price Chgs Yld										Price Chgs Yld										Price Chgs Yld										Price Chgs Yld										Price Chgs Yld										Price Chgs Yld										Price Chgs Yld										Price Chgs Yld										Price Chgs Yld										Price Chgs Yld										Price Chgs Yld										Price Chgs Yld										Price Chgs Yld										Price Chgs Yld										Price Chgs Yld										Price Chgs Yld										Price Chgs Yld										Price Chgs Yld										Price Chgs Yld										Price Chgs Yld										Price Chgs Yld										Price Chgs Yld										Price Chgs Yld										Price Chgs Yld										Price Chgs Yld										Price Chgs Yld										Price Chgs Yld										Price Chgs Yld										Price Chgs Yld										Price Chgs Yld										Price Chgs Yld										Price Chgs Yld										Price Chgs Yld										Price Chgs Yld										Price Chgs Yld										Price Chgs Yld										Price Chgs Yld										Price Chgs Yld										Price Chgs Yld										Price Chgs Yld										Price Chgs Yld										Price Chgs Yld										Price Chgs Yld										Price Chgs Yld										Price Chgs Yld										Price Chgs Yld										Price Chgs Yld										Price Chgs Yld										Price Chgs Yld										Price Chgs Yld										Price Chgs Yld										Price Chgs Yld										Price Chgs Yld										Price Chgs Yld										Price Chgs Yld										Price Chgs Yld										Price Chgs Yld										Price Chgs Yld										Price Chgs Yld										Price Chgs Yld										Price Chgs Yld										Price Chgs Yld										Price Chgs Yld										Price Chgs Yld										Price Chgs Yld										Price Chgs Yld										Price Chgs Yld										Price Chgs Yld										Price Chgs Yld										Price Chgs Yld										Price Chgs Yld										Price Chgs Yld										Price Chgs Yld										Price Chgs Yld										Price Chgs Yld										Price Chgs Yld										Price Chgs Yld										Price Chgs Yld										Price Chgs Yld										Price Chgs Yld										Price Chgs Yld										Price Chgs Yld										Price Chgs Yld										Price Chgs Yld										Price Chgs Yld										Price Chgs Yld										Price Chgs Yld										Price Chgs Yld										Price Chgs Yld										Price Chgs Yld										Price Chgs Yld										Price Chgs Yld										Price Chgs Yld										Price Chgs Yld										Price Chgs Yld										Price Chgs Yld										Price Chgs Yld										Price Chgs Yld										Price Chgs Yld										Price Chgs Yld										Price Chgs Yld										Price Chgs Yld										Price Chgs Yld										Price Chgs Yld										Price Chgs Yld										Price Chgs Yld										Price Chgs Yld										Price Chgs Yld										Price Chgs Yld										Price Chgs Yld										Price Chgs Yld										Price Chgs Yld										Price Chgs Yld										Price Chgs Yld										Price Chgs Yld										Price Chgs Yld										Price Chgs Yld										Price Chgs Yld										Price Chgs Yld										Price Chgs Yld										Price Chgs Yld										Price Chgs Yld										Price Chgs Yld										Price Chgs Yld										Price Chgs Yld										Price Chgs Yld										Price Chgs Yld										Price Chgs Yld										Price Chgs Yld										Price Chgs Yld										Price Chgs Yld										Price Chgs Yld										Price Chgs Yld										Price Chgs Yld										Price Chgs Yld										Price Chgs Yld										Price Chgs Yld										Price Chgs Yld										Price Chgs Yld										Price Chgs Yld										Price Chgs Yld										Price Chgs Yld										Price Chgs Yld										Price Chgs Yld										Price Chgs Yld										Price Chgs Yld										Price Chgs Yld										Price Chgs Yld										Price Chgs Yld										Price Chgs Yld										Price Chgs Yld										Price Chgs Yld										Price Chgs Yld										Price Chgs Yld										Price Chgs Yld										Price Chgs Yld										Price Chgs Yld										Price Chgs Yld										Price Chgs Yld										Price Chgs Yld										Price Chgs Yld										Price Chgs Yld										Price Chgs Yld										Price Chgs Yld										Price Chgs Yld										Price Chgs Yld										Price Chgs Yld										Price Chgs Yld										Price Chgs Yld										Price Chgs Yld										Price Chgs Yld										Price Chgs Yld										Price Chgs Yld										Price Chgs Yld										Price Chgs Yld										Price Chgs Yld										Price Chgs Yld										Price Chgs Yld										Price Chgs Yld										Price Chgs Yld										Price Chgs Yld										Price Chgs Yld										Price Chgs Yld										Price Chgs Yld										Price Chgs Yld										Price Chgs Yld										Price Chgs Yld										Price Chgs Yld										Price Chgs Yld										Price Chgs Yld										Price Chgs Yld										Price Chgs Yld										Price Chgs Yld										Price Chgs Yld										Price Chgs Yld										Price Chgs Yld										Price Chgs Yld										Price Chgs Yld										Price Chgs Yld										Price Chgs Yld										Price Chgs Yld										Price Chgs Yld										Price Chgs Yld										Price Chgs Yld										Price Chgs Yld										Price Chgs Yld										Price Chgs Yld										Price Chgs Yld										Price Chgs Yld										Price Chgs Yld										Price Chgs Yld										Price Chgs Yld										Price Chgs Yld										Price Chgs Yld										Price Chgs Yld										Price Chgs Yld										Price Chgs Yld										Price Chgs Yld										Price Chgs Yld										Price Chgs Yld										Price Chgs Yld										Price Chgs Yld										Price Chgs Yld										Price Chgs Yld										Price Chgs Yld										Price Chgs Yld										Price Chgs Yld										Price Chgs Yld										Price Chgs Yld										Price Chgs Yld										Price Chgs Yld										Price Chgs Yld										Price Chgs Yld										Price Chgs Yld										Price Chgs Yld										Price Chgs Yld										Price Chgs Yld										Price Chgs Yld										Price Chgs Yld										Price Chgs Yld										Price Chgs Yld										Price Chgs Yld										Price Chgs Yld										Price Chgs Yld										Price Chgs Yld										Price Chgs Yld										Price Chgs Yld										Price Chgs Yld										Price Chgs Yld										Price Chgs Yld										Price Chgs Yld										Price Chgs Yld										Price Chgs Yld										Price Chgs Yld										Price Chgs Yld										Price Chgs Yld										Price Chgs Yld										Price Chgs Yld										Price Chgs Yld										Price Chgs Yld										Price Chgs Yld										Price Chgs Yld										Price Chgs Yld										Price Chgs Yld										Price Chgs Yld										Price Chgs Yld										Price Chgs Yld										Price Chgs Yld										Price Chgs Yld										Price Chgs Yld										Price Chgs Yld										Price Chgs Yld										Price Chgs Yld										Price Chgs Yld										Price Chgs Yld										Price Chgs Yld										Price Chgs Yld										Price Chgs Yld										Price Chgs Yld										Price Chgs Yld										Price Chgs Yld										Price Chgs Yld										Price Chgs Yld										Price Chgs Yld										Price Chgs Yld										Price Chgs Yld										Price Chgs Yld										Price Chgs Yld										Price Chgs Yld										Price Chgs Yld										Price Chgs Yld										Price Chgs Yld									

Banking union split deepens after Nube boycotts bargaining talks

By Christopher Thomas

Inter-union hostility in banking deepened further yesterday after the National Union of Bank Employees (Nube) boycotted a meeting of the Banking Staff Council, the union side of the bargaining structure. The meeting was abandoned because there was not a quorum.

The decision against taking part cemented Nube's previous decision to withdraw from all joint bargaining machinery shared with the staff associations at Lloyds, Barclays and National Westminster.

The withdrawal, while subject to a formal period of notice that expires in March, is now fully effective. The big question is: what happens in March. The options are for the banking Staff Council to continue without Nube or for it to cease operation in its present form. Mr Wilfrid Aspinall, general secretary of the Confederation of Bank Staff Associations, which comprises Lloyds,

National Westminster and Barclays, accused Nube of sabotaging existing negotiating machinery. Mr Leif Mills, Nube general secretary, said: "We have decided there is no point in having any more staff council meetings."

The rift was deepened over disagreement about whether to accept a phase two pay deal, and the many years of disagreement on fundamental issues now have hardened. The employers are deeply concerned at the prospect of a complete breakdown in the bargaining machinery, which seems virtually unavoidable.

Nube is pursuing claims directly with the English clearing banks instead of acting through the staff council. The two main claims are for local negotiations in the Channel Islands, particularly because they are exempt from pay restrictions and a claim on the qualifying time for overtime payments in the banks (at

present 30 minutes, which it wants reduced to 15).

The employers have proposed an inquiry into staff relations which so far has been accepted in principle by Nube and the staff associations of Lloyds.

Mr Aspinall said last night: "The only way national negotiations can cease is by a resolution of the Banking Staff Council. A resolution has never been tabled. The council will continue until it is terminated by an extraordinary resolution."

That view, however, was challenged by Mr Mills who thought it was unlikely that the staff council would continue in its present form. "I do not think the banks would want to go through the charade of negotiating only with the staff associations."

The staff associations wanted discussions at yesterday's staff council on the removal of anomalies. The meeting was abandoned after waiting the required 15 minutes for a quorum.

Americans show interest in UK watch invention

A new British concept in watch and clockmaking which links electronic precision with the appearance of a traditional dial, and yet uses no moving parts, may be adopted for volume production by an electronic watch company in the United States.

The inventor is Mr Nicholas Murrell, managing director of Murrell Dynamics, an Edinburgh-based research and development firm which is a subsidiary of Scottish Homes Investment Company. Both Mr Murrell and Mr John Terry, managing director of Scottish Homes, were formerly with Timex.

Opec price standstill or small rise forecast

From Michael Hornsby, Brussels, Dec 12

Maintenance of oil prices at their present level for at least a part of 1978, or alternatively a modest increase of between 3 to 5 per cent, is the most likely outcome of the meeting of the Organization of Petroleum Exporting Countries in Caracas on December 20.

This is the conclusion of the energy department of the European Commission, headed by Dr Guido Brunner, one of the two German Commissioners, on the basis of information from its own sources and confirmed by the soundings among the main industrialized countries.

The coming Opec conference is to be discussed at tomorrow's

meeting here of EEC energy ministers at which Britain will be represented by Mr Tony Benn. Dr Brunner is expected to urge ministers to reaffirm the importance attached by the EEC to stable oil prices for the recovery of world economic activity.

The Commission believes that a clear signal from the EEC and other industrialized countries could strengthen significantly the hand of those within Opec, led by Saudi Arabia and Iran, who are arguing for a freeze on oil prices.

According to the Commission, a freeze is also favoured by the three countries forming the United Arab Emirates (Abu Dhabi, Bahrain and Qatar), Kuwait and Indonesia.

Plea on Fay in Crown Agents appeal case

The Crown Agents were alleged in the Appeal Court yesterday to have lent £2,400,000 on insufficient security and to have agreed to postpone indefinitely repayment of interest on the loan, which was made to Murrayfields Securities Ltd in December, 1973.

After it had been made, the Crown Agents said that it was between £700,000 and £800,000 more than the company in fact needed.

But Mr Lionel Swift, QC, said the Crown Agents refused to accept immediate repayment of the loan. Mr Swift was appearing for the sureties for the loan, who are challenging the claim of Sir Robert Megarry, the Vice-Chancellor, last May, awarding the Crown Agents company, Four Millbank Nominees, which conducted the loan transaction, £2,400,000 against the sureties.

The Crown Agents had taken legal action against the sureties after Murrayfields failed to repay the loan.

The sureties are Mr Philip Frederick and Mr Hyman Solomon, both of Rosebuck House, Palace Street, Westminster, at 32-37.

They are contending that the Vice-Chancellor did not deal with an important question of fact concerning an alleged

oral agreement made by the Crown Agents and Murrayfields five days after the loan agreement.

Mr Swift said that the oral agreement stemmed from the Crown Agents' refusal to accept immediate repayment of the excess loan.

The Crown Agents had agreed not to enforce covenants for the repayment of the principal or interest on the loan, against either Murrayfields or the sureties, before the mortgagee properties had been sold.

Sir Robert Megarry had held there was no hint of such an agreement in the correspondence between the parties.

But Mr Swift said, the sureties wished to introduce, as additional evidence in the appeal, the Pay Report on the Crown Agents.

It appeared to show that the Crown Agents were participating in transactions of a very similar kind, he said.

Mr Swift said that the oral agreement had been made with Mr Bernard Wheatley on behalf of the Crown Agents. Mr Wheatley had resigned from the Crown Agents in January 1975.

Subsequently he faced criminal charges in connection with matters with which he had been concerned while employed by the Crown Agents. They were not connected with the present case.

The hearing continues today.

EEC study of regional aid

By Our Industrial Editor

A review of Britain's methods of encouraging regional development by aids to industry has been started by the European Commission. A first step has been a formal request for statistical information.

Early next year the Commission is expected to submit a document to the European Council on general regional aid

systems, which will include ceilings on expenditure.

In the meantime Britain appears to have won a 27 per cent share of the EEC's expanded regional development fund for the 1979-1983 period. Ministers have just doubled by value in sterling terms. Britain will contribute 21 per cent of the enlarged fund.

Peace move on Triumph strike fails

By Our Northern Industrial Correspondent

An initiative by shop stewards at Leyland's Triumph car plant at Coventry aimed at trying to set up fresh talks today on the dispute with the car-makers' union failed.

Side workers, which is now in its sixth week, failed yesterday when stewards from Liverpool refused to attend the meeting.

The strike by 2,000 workers at Speke, Liverpool, has caused the lay-off of another 1,500 employees there and of a further 2,000 at Coventry.

All production of the TR7 models at Liverpool and the Dolomite range at Coventry is stopped and so far losses are running at about £40m on both models.

The Coventry plant is hit because body shells for the Dolomite are manufactured on Merseyside.

The dispute centres on new manning and work schedules that have been introduced by Leyland at Liverpool, after studies there by industrial engineers.

Various attempts to find a peace formula have failed during the past five weeks.

Yesterday the Coventry stewards invited management officials and stewards from Liverpool to meet them today at Keele, Staffordshire, for what they described as "exploratory talks". But by last night the strike leaders at Liverpool had made it clear that they had no intention of attending.

A Leyland management spokesman said: "The management was ready to talk."

Anti-dumping plea on imports of chinboard

Whitehall officials are discussing with the European Commission the possibility of imposing anti-dumping measures against imports of wood chipboard from Sweden and Spain.

The British Wood Chipboard Manufacturers' Association said yesterday it had supplied evidence to the Department of Trade and was urging action.

"The difficulties facing the chipboard industry include the rapid erosion of its home market shares by low-priced imports from major European producers", said a spokesman.

Business appointments

Changes at Leopold Joseph Holdings

Mr R. Herbert has become a director of Leopold Joseph Holdings and will succeed Sir Hugh Weeks as chairman in the latter part of 1978.

Mr V. V. Sytkov has been made a director of the Moscow Narodny Bank.

Mr S. V. Torbabe is now a local director of Singer & Friedlander.

Mr Terry Green has been made managing director of Williams Lea Off-set.

Mr C. R. W. Fleet has become chairman and managing director of F. E. Farley & Co. He was previously deputy chairman and managing director. Mr A. S. Jolliffe has been made a director.

Mr D. Fowler and Mr Alastair Bennett have joined the board of Bentalls.

Mr Harvey Gordon is now a director of the Henley Centre for Forecasting.

Mr Sydney L. Alexander has been made associate director of the Heine Brothers Organisation.

Mr Basil N. Eckhardt, general manager of the Leicester Building Society, has been made a director.

Mr Raul A. Civrays, has joined the board of Scotcor.

LETTERS TO THE EDITOR

How UK foots the bill in its trade with the Poles

From Mr W. N. S. Calvert

Sir, Two recent, but quite separate episodes illustrate well where attempts to increase trade with East European countries can lead us.

First was a story in *The Sunday Times* that Poland's shops were short of 734,000 pairs of much needed boots this winter even though they had been on the order list for some time. The reason they were short apparently was that British based importers had got their orders in first.

The boot in question is a copy of a design that originated in this country some years ago, and supplies could perfectly well have been provided by our own factories. That they are not is because the Poles price their footwear at whatever level is needed to ensure that they sell here.

In fact imports of footwear from Poland which have grown in recent years to 4.5 million pairs have deprived over 3,000

British workers of their jobs and are costing us £8m a year in foreign exchange.

However, it seems that if we are to import from them, at least we will export ships in return; the taxpayer is apparently to provide some £28m to ensure that we can do this.

The result of these transactions will be that the Polish people will have to do without their shoes; the Poles will get ships at a price which will enable them to undercut freight rates charged by our own ships, presumably putting our own seamen out of jobs. British footwear workers will continue to be unemployed; and the British taxpayer will fork out heavily to finance it all.

Such are the blessings of trade with East Europe.

Yours faithfully,
W. N. S. CALVERT,
British Footwear Manufacturers' Federation,
Roxley House, 72 Dean Street, London W1V 5HB.

Taking adequate steps to reduce product liabilities

From Mr Howard Abbott

Sir, In Mr Farahy's letter (December 6 "Dangers faced by manufacturers in product liability proposals") he says: "It appears to me that there is little wrong with the present system where aggrieved parties can sue manufacturers in contract or common law, or both, where death or injury results from a product defect."

But it is in this sentence that the problem lies. Under contract the aggrieved party can sue under the Sale of Goods Act. So that if one bought a bottle of lemonade and drank it and became ill as a result then the purchaser could sue the manufacturer.

But if he gave some of the lemonade to a friend who became ill the friend could not sue under the Sale of Goods Act because he had no con-

tract with him. His alternative would lie in tort but here he would have to prove that the manufacturer had been negligent.

The onus of proof in such a case could be difficult to establish in these days of sophisticated, complex technology. The whole basis of the EEC draft directive and the Strasbourg Convention on Product Liability is to shift the onus of proof from the consumer to the manufacturer, importer or exporter. If the law so changes then the responsible manufacturer who sets out to take adequate steps to reduce his product liability hazards will have little to fear.

Yours faithfully,
HOWARD ABBOTT,
Hardland Cottage,
Boscastle,
Cornwall PL35 0RH,
December 7.

Try again for the tunnel

From Sir Eugene Melville

Sir, I strongly support the views on a Channel tunnel expressed by Sir John Colville (December 8).

When the relative merits of bridge and tunnel were being studied during the period when I was special adviser on the Channel Tunnel in the early 1970s, the decision was firmly in favour of a tunnel. While technically feasible, a bridge would start by being at least twice as expensive as a tunnel and would carry exceptional risks of cost escalation; it would cause unacceptable hazards to shipping, even with advanced navigational aids (as my colleague on the Chesapeake Bay bridge warned us

from American experience); and it would require international agreement (including Russia's) which might be difficult and would certainly be time-consuming to obtain.

I do not believe that technological advances—such as Horace Cocker's suggestions—any other changes in the few years that have since elapsed materially affect this decision. I still have no hesitation in preferring a tunnel. We nearly got it in 1974 and we should try again now, as the EEC have expressed interest.

Yours faithfully,
EUGENE MELVILLE,
Longcroft,
Aldershot,
Suffolk,
December 2.

Bureaucrats pillory the landowner

From Mr D. H. Duckworth

Sir, Professor Chisholm's (November 24) thinking on taxation of derelict land is regrettable as such eminent recommendations must be influential on his future graduates, the majority of whom I suspect will eventually fill out the ranks of the expanding bureaucracy. Mr Will's letter is also typical of negative thinking. If one plucks the chicken one gets less not more eggs.

Taxation has never encouraged anyone to do anything positive. The penal rating of empty property is typical of this thinking. It matters not what has been done to sell or let property, it is assumed the owner is deliberately keeping it empty because it is empty. No owner in his right senses leaves land or property empty or derelict for the fun

of it. There are always good reasons why. In the vast majority of cases with land it is because the planners are making it impossible to create a viable scheme. The planners will say viability is not their scene. They do not know nor care what the land or property market requires in the business sense.

It is difficult to understand why authorities do not use their compulsory powers to acquire such derelict land. Perhaps it is easier and better politics for bureaucracy to pillory the owner rather than do something positive in the matter.

Yours faithfully,
D. H. DUCKWORTH,
PO Box 12,
St Austell,
Cornwall,
December 2.

Creating the climate for success in engineering

From the President of The Institution of Civil Engineers

Sir, The remarks of Mr Gordon Oakes, Minister of State, Department of Education and Science, on the occasion of awarding prizes at a schools design competition (*The Times*, November 18) are a helpful boost to the health of engineering in Britain and as careers advice to those boys and girls who have potential creative gifts.

Industrial success depends upon creativity throughout engineering, with comparable esteem for those who make valuable contributions, whatever their relative dependence upon the use of "brain" or of "hand-and-eye". Mr Oakes displays symptoms of the very "classical" syndrome which he deplores, by implying incompatibility between creativity and high academic achievement.

Members of our sister institutions we are actively supporting "Open Windows on Engineering", a scheme whereby young engineers are going, by invitation, into the schools not to recruit but to share some of their own experience of the nature of engineering. The object is to enable boys and girls to aim towards points of entry into engineering appropriate to their talents; they may be confused now by Mr Oakes who seems to encourage engineering as commercial art.

The two most immediate, and associated, causes of the weaknesses of the contribution by engineering graduates in certain areas of manufacturing and extraction industries are:

(a) industrial direction being dominated by tactical accountancy instead of strategic engineering; and

(b) the suspicions of the "practical men" (and women) in the industries.

Victory over these defects, essential for our industrial well-being, and to avoid social tensions, will not be helped by Mr Oakes's contribution.

I touched on these and similar threads of the pressing social responsibilities of politicians and engineers in my recent presidential address to this Institution. I would like to recognize Mr Oakes as an ally in these objectives.

Yours,
A. M. MUIR WOOD,
Great George Street,
London SW1P 3AA,
November 29.

The dangers of a wages explosion

From Professor D. S. Lees

Sir, You say (December 6, page 17) that "if earnings rise significantly above the 10 per cent target, then price inflation will once again begin to accelerate next summer". That is wrong.

As you yourself, sir, have correctly said on many occasions, price inflation depends upon some previous increase in the money supply. If the current expansion of the money supply of 13 per cent per annum continues, then prices (next summer, or the summer after) will not rise by much more or less than that figure.

Should trade unions force up earnings at a faster rate, then unemployment, not prices, will rise. A wages explosion will produce an unemployment explosion, as long as the money supply is kept under control.

Is there not a message here for trade union leaders? Do they really want so many of their members out of work? To say nothing of the hapless victims who are not members of trade unions?

Yours faithfully,
DENNIS LEES,
Department of Industrial Economics,
University Park,
Nottingham, NG7 2RD.

£2.6m assisted learning programme bows out

Introducing his final report as

director of the National Development Programme in Computer Assisted Learning (NDPCAL) in London yesterday, Mr Richard Hooper said that there had been a success rate of about 70 per cent in following-through specific projects into continued use in universities, colleges and other institutions.

The five-year programme has cost about £2.6m, was sponsored by seven government departments, and was the largest educational technology programme ever funded in the United Kingdom.

When the programme finishes at the end of this month, the Council for Educational Technology will take over responsibility for coordinating computer-assisted learning in Britain.

Thirty-five development projects and feasibility studies are listed in the report, covering

Computer news

tertiary education, schools, the armed services, industrial training and general transferability.

The main industry-related project involved the CAMOL (Computer Assisted Management Of Learning) software which was developed by a team from International Computers.

In its five-year life the programme had come a long way away from the original United States view of computer-assisted learning as merely computer-based programmed instruction. Mr Hooper commented. In particular, the power of the computer when used for simulation appeared most significant; this could be applied to a wide range of subjects from complicated chemical processes and engineering systems to biomedical studies.

No revolutions for computer-assisted and computer-managed learning in education were predicted or prescribed, the director reported. A period of gradual growth was required, geared to finances available, teacher commitment, changing curricula and changing technology.

Library network

The British Library is setting up a private data communications network to give local access to its computer-based information service, known as Blaise, from Birmingham, Boston Spa, Edinburgh, London and Manchester.

Blaise (British Library Automated Information Service) was recently inaugurated by Mrs Williams, Secretary of State for Education and Science. It uses the computing power of an IBM 370 Model 145 provided on a lease basis by Rank Hovis McDougall Management Services at Harlow, Essex; for the

next three years or so it will run in parallel with the library's Merlin system which is being developed on CompuLink ICL 2960.

BCS awards

A group of general practitioners in Exeter and a research team at Newcastle University, were presented with the British Computer Society's computing awards for 1977 at the society's recent annual dinner at Imperial College, London.

The Exeter Community Health Computer Project, based on two hospitals and two health centres, provides doctors with access to medical records via 80 visual display units linked to an ICL 1901A.

At Newcastle, Professor Brian Randall and his group in the university computing laboratory won the second award, which is for technical achievement in the development of computing.

Kenneth Owen

Lucas 1977

A Common Interest in Lucas and Its Future

This year for the first time we have separated the Chairman's Review from the formal Annual Report and Accounts and we have considerably expanded the Review with the intention that it should, in a single document, provide the kind of information which concerns both shareholders and employees. It will, we hope, be of interest also to the wider audience which includes, among others, suppliers, customers, financial institutions and the press, as well as members of the public, who are the ultimate consumers of so much of our product.

The principal reasons for this important change are that we believe industry must respond to the demands for more open conduct of its affairs, and we wanted to emphasise particularly the common interest in Lucas and its future that is shared by employees and shareholders. If you would like a copy of the Review, entitled "Lucas 1977", with or without the formal Report and Accounts, would you please contact our Public Relations Department.

Highlights of the 1977 Results

Sales up 23% to a New Record

Pre-tax Profits up 38%

£100 million Spent on Factories at Home and Abroad

5,000 New Jobs Created in UK

Direct Exports from the UK up 25% to £140 million

Two-thirds of Lucas' business now arises Overseas

	1977 £ million	1976 £ million
Sales	886.1	719.3
Profit before tax	77.3	55.8
Profit attributable to shareholders	36.7	27.9
Shareholders' funds	315.8	259.7
	Pence per ordinary share	Pence per ordinary share
Net assets	348	319
Earnings	30	26
Dividends:		
Interim	2.122	1.153
Final	6.098	5.442
Total	8.220	7.595

Lucas Industries Limited
Great King Street, Birmingham B19 2NF

Linread LIMITED

- Trading profit and income more than doubled at £369,000 after providing for terminal loss of £286,000 in Australia.
- Pre-tax profit of £166,000 after heavy loss last year.
- Exceptional tax charge, producing post-tax loss, arises from unrelieved losses in Australia.
- Profit contribution from roofing and cladding fasteners and the German subsidiary again outstanding.

YEAR TO JULY (£'000)	1977	1976
External Sales	14,297	11,295
Trading Profit and Income	1,255	407
Profit (loss) before Terminal loss in Australia	452	(348)
Profit (loss) before tax and Extraordinary items	166	(353)
Attributable earnings (loss)	(169)	(242)

Manufacturers of
Specialised fastener systems for the aerospace, consumer durable, automotive and building industries.

BIRMINGHAM · ENGLAND

BY THE FINANCIAL EDITOR

Why Unilever wants National Starch

Unilever is to a large extent hoist with its own petard. The group is so large and amorphous—capital employed in 1976 was £3,600m and turnover was £8,730m—that almost any acquisition is likely to be a mere bagatelle on an overall view. So even though it is paying up to \$485m cash for National Starch, that will not fundamentally alter Unilever's structure. To achieve what is nevertheless a bold step by any standards, Unilever is still having to pay a fairly handsome price. Net earnings last year at National Starch were \$3.74 a share and assuming they rise to something over \$4 in 1977 Unilever is taking the company out on around 183 times earnings on the purchase price of \$73.50. With financing costs of 44 per cent on the new preferred stock—which could account for up to a fifth of the total purchase cost—and the roughly similar after tax cost of the borrowings to fund the balance, National Starch will add only \$54m or 1 per cent to Unilever's 1976 earnings.



Sir David Orr, chairman of Unilever Ltd.

At the same time there is a hefty \$335m goodwill element in the purchase cost which will need to be written off Unilever's balance sheet. Half the purchase cost will be financed from Unilever's NPA's liquid resources and the rest will be met by borrowing in the United States, so with only some \$40m of debt in National Starch's balance sheet the effect on Unilever will be to raise gearing around 9 points to 38 per cent. What makes National Starch that sort of prize? Although the growth in earnings from \$2.23 to \$3.74 over the past five years is not quite as impressive as Unilever suggests, the long-term earnings record—13 per cent a year over the past 20 years—is nothing to sneeze at. Unilever appears to be working capital, stock and other balance sheet ratios indicates that National Starch's management is every bit as good as Unilever's.

For Unilever the acquisition provides it with an entrée not only to the United States but also the fast growing starch market (rising at 7 to 9 per cent a year) which so attracted Tate & Lyle to Manbré & Garton, particularly when any hopes of moving into the EEC starch market have been stunted by the recent levy decision.

At the same time the deal gives an industrial leg to Unilever's existing consumer orientated United States interests and the fact that it will add some 23 per cent to American sales and more than a half to profits speaks volumes for the sort of pressure the Lever detergent side is facing. Meanwhile the financing of the deal should go smoothly. Assuming the Greenwall family and a few others take the paper option the cash element will be around \$400m and Unilever should have no trouble raising perhaps half that in the American capital market. One point also worth noting about the deal is that Unilever appears to have found an elegant way round United States tax rules by offering the preference alternative.

Harrisons & Crosfield

A counter move for Malayalam

Harrisons & Crosfield has been pushed into a full scale bid for its associate Malayalam Plantations (Holdings), waiting the company at £8.15m, is now falling into the clutches of McLeod Russell. McLeod has yet to say whether it will stay in the

contest and raise its latest offer of 25p a share to above H & C's 30p cash alternative, or bow out gracefully. But there is a good chance it will be content to take a gross profit of over £1m on the exercise. The H & C counter bid which has been accepted by Malayalam's board, has all the signs of being a lock out. Clearly H & C is anxious to have the business over and done with as quickly as possible. As I mentioned last week, the bid does appear to have exposed a damaging gap in the myriad of cross holdings in the H & C empire. H & C only holds a direct stake of 13 per cent, but that is taken up to 23.64 per cent when the holdings of other associates are taken into account. This particular instance has shown that 23 per cent is not high enough to fend off a determined bidder.

Most of the associates are more tightly held but there is one in particular—Harcros—where H & C could be vulnerable. H & C has a direct stake of 19.7 per cent, which is taken up to 22 per cent when associated holdings are taken into account. Harcros is considerably more important in the H & C empire than Malayalam and, apart from anything else, has strategic stakes in some of the other associated companies. For example, while H & C and associates control 50 per cent of Castlefield, that figure is cut back to 35 per cent if Harcros's holding is stripped out and the 39 per cent holding in London Sumatra is cut to 30 per cent on the same basis. Harcros also accounts for 4.4 per cent of the equity of Harrison's Malaysian Estates.

Harcros is therefore of key strategic significance. It would be far too important for H & C to allow it to leave the fold. Originally, it was intended to develop the field using three concrete platforms, each capable of handling 300,000 barrels of oil a day. The first of these, the A platform, is still being fitted out after being towed into position in May. Christened belatedly by the Norwegian Prime Minister, Mr. Olof Nordli last month, it is expected to begin production in 1979.

However, 12 months ago—as the A platform neared completion and contract negotiations were being held with Norwegian contractors and the Aker Group for the B platform—Shell/Mobil received a terse and totally unexpected letter from the NPD directing that a separate living quarters platform should be provided with Statfjord B.

The new order had to be postponed. Additional safety features had to be built into the A platform, which was further delayed.

Statfjord now says that despite the NPD's directive, it is confidently submitting designs for an integrated platform with production, drilling and living areas combined. It will be a four-legged concrete structure, of the Condeep type.

The deck will be larger than that of the A platform, but production capacity—at 150,000 barrels a day—will be half.

Mr. Anne Halvorsen, Statfjord's information manager, said that regular discussions had been held with the NPD, which now appears to be reconciled to the view that adequate safety measures can be incorporated into an integrated platform.

Whether the outcome, the field development plan will need to be revised. Almost certainly a third production platform will be ordered.

Whether more follow remains to be seen. It seems likely, though, that Statfjord/Mobil will reduce the production profile of the field and extend its life.

Also to be decided is how, in the long-term, to bring the oil ashore. When production starts it will be transported in tankers, but Statfjord is leading a study to consider the feasibility of a pipeline to Norway.

The terminal would be at Sotra, outside Bergen, which is also being considered as the site for a condensate plant.

As Mr. Halvorsen explained, the final decision on a pipeline is closely linked to whether other reserves are found in the Statfjord area. Early geological indications are favourable, but the study, due to be completed by autumn next year, is concentrating on the difficulties of putting a pipeline across the Norwegian trench.

John Huxley

Safety first at Statfjord

Uncertainty about development of the Anglo-Norwegian Statfjord oil field, which with estimated reserves of 3,900 million barrels is the largest discovered in the North Sea, should soon be removed.

The Statfjord/Mobil group is submitting plans for a second field platform to the Norwegian Petroleum Directorate (NPD). The state oil company hopes that the designs will be approved without delay and that orders for the B platform can be placed early next year.

If so, a new field development plan should be ready for approval by the Norwegian Parliament before the end of 1978.

Oilmen on this side of the North Sea will be watching the moves closely. Not only does the A platform lie in the British sector (Conoco, Gulf and the British National Oil Corporation together have an 11.11 per cent share in the reserve, but the development plans have been revised in the light of the NPD's well-publicised objections to the safety standards of platforms combining working areas and living quarters.

Originally, it was intended to develop the field using three concrete platforms, each capable of handling 300,000 barrels of oil a day. The first of these, the A platform, is still being fitted out after being towed into position in May. Christened belatedly by the Norwegian Prime Minister, Mr. Olof Nordli last month, it is expected to begin production in 1979.

However, 12 months ago—as the A platform neared completion and contract negotiations were being held with Norwegian contractors and the Aker Group for the B platform—Shell/Mobil received a terse and totally unexpected letter from the NPD directing that a separate living quarters platform should be provided with Statfjord B.

The new order had to be postponed. Additional safety features had to be built into the A platform, which was further delayed.

Statfjord now says that despite the NPD's directive, it is confidently submitting designs for an integrated platform with production, drilling and living areas combined. It will be a four-legged concrete structure, of the Condeep type.

The deck will be larger than that of the A platform, but production capacity—at 150,000 barrels a day—will be half.

Mr. Anne Halvorsen, Statfjord's information manager, said that regular discussions had been held with the NPD, which now appears to be reconciled to the view that adequate safety measures can be incorporated into an integrated platform.

Whether the outcome, the field development plan will need to be revised. Almost certainly a third production platform will be ordered.

Whether more follow remains to be seen. It seems likely, though, that Statfjord/Mobil will reduce the production profile of the field and extend its life.

Also to be decided is how, in the long-term, to bring the oil ashore. When production starts it will be transported in tankers, but Statfjord is leading a study to consider the feasibility of a pipeline to Norway.

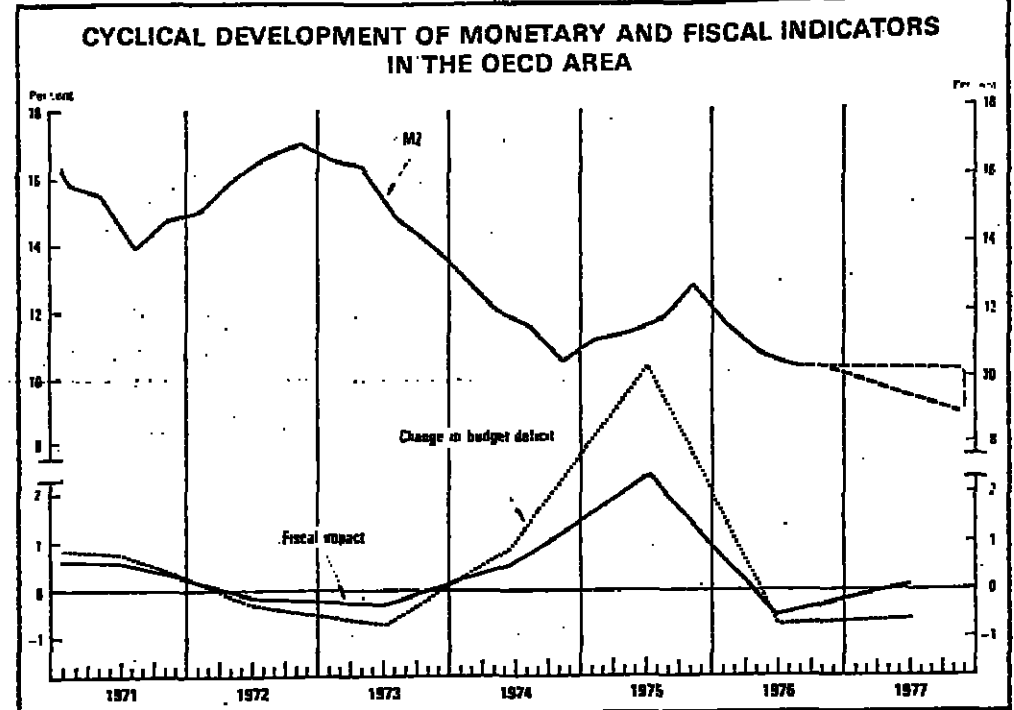
The terminal would be at Sotra, outside Bergen, which is also being considered as the site for a condensate plant.

As Mr. Halvorsen explained, the final decision on a pipeline is closely linked to whether other reserves are found in the Statfjord area. Early geological indications are favourable, but the study, due to be completed by autumn next year, is concentrating on the difficulties of putting a pipeline across the Norwegian trench.

John Huxley

David Blake on the widening gap between aim and achievement in the world economy

When will the drift be halted?



The plight of the dollar has been attracting most attention on the world's financial markets in the past few weeks, but it is the far more serious plight of the world economy as a whole which is now posing a really dangerous threat to the world's economic and trading system.

It is a year and a half since the industrial nations of the West, agreed, on paper at least, on how they would strive to direct their economies towards reasonably full employment combined with price stability by 1980.

Since that time they have consistently failed to meet the very limited target which they set themselves in that programme, which called for growth in the 24 nations of the Organisation for Economic Co-operation and Development to average around 5½ per cent a year in the period from 1975 to 1980.

Only in 1976, as table 1 shows, have the countries of the West come reasonably close to this target. The year itself, but more disturbingly, with each passing year the gap between what they need to achieve and what they actually get seems to be widening.

On each occasion this year when the economic experts have met to assess the future, they have been presented with new figures taking a gloomier view of what is likely to happen in the 18 months ahead. The Commission for the July forecast (table 1) and the latest available OECD estimates (table 2), which were discussed recently at a meeting of the OECD's economic policy committee in Paris, show how the picture has deteriorated in just a few months.

The process has now reached a stage where it has become self-fulfilling, with the failure of the policy being pursued by governments to provide the growth making it impossible to reach the targets for the subsequent year. The forecasts in table 2 are the best estimate available of what will happen one year to achieve reasonable growth making it impossible to reach the targets for the subsequent year. The forecasts in table 2 are the best estimate available of what will happen one year to achieve reasonable growth making it impossible to reach the targets for the subsequent year.

Optimists no longer talk seriously of preventing unemployment from rising during 1978, and many are now saying that they may succeed in persuading governments of the need to act then they might be able to get economic growth in the first part of 1979 up to a level where unemployment will fall or at least stabilise.

Even if they were to succeed, however, there is no prospect of the West bringing down its unemployment level to anything in line with its traditional experience until well into the 1980s. The world experienced nearly a decade of mass unemployment during the 1930s, and it is almost certain that the admittedly milder recession of the 1970s and 1980s will last as long.

One of the striking features of the present experience has been that a growing number of governments have not just come to believe that it would be unwise to act to stimulate demand by fiscal means, because of the danger of inflation, but actually now argue that such measures can have no effect at all.

The chart ("Cyclical development of monetary and fiscal indicators in the OECD area"), reproduced from the report by leading economists under Professor Paul J. Kenen, casts grave doubts on this view. It shows clearly that from late 1973, when it became

apparent that the impact of the oil crisis would be to impose a severe contractionary effect on western economies, the fiscal stance of the major governments with the OECD became steadily more expansionary until the middle of 1975.

This expansionary stance was followed by a real expansion of the economies of the West, which by the end of 1975 were growing at around 5 per cent a year. "What would have happened if the western nations had pursued expansionism will be the subject of the next major questions for years to come; for they did not."

In the second half of 1975, fearing that the recovery was starting to proceed too fast, the industrial nations started to throttle back. Some were more enthusiastic about the process than others, but the constraints imposed by the world payments system meant that country after country was forced to fall into line.

Those countries which were most willing to restrict domestic demand, such as Japan and Germany, relied on the perimeter of their economies to provide their growth; having cut domestic demand and switched resources into exports they then proceeded to move into payments surplus. This accounted for the deficit of those countries which had not restricted output at home because they argued that a strong growth of output was needed to re-start the investment process, that country after country was forced to fall into line.

In retrospect, the recovery of late 1975 and early 1976 looks a great deal more fragile than it appeared at the time, particularly to those who feared that the world would repeat the mistake of the early 1970s and allow excessively rapid expansion.

The restrictive measures introduced from late 1975 onwards have been followed by a run-down in activity. Although this does not prove that changes in the stance of governments cause changes in the level of activity, there is a strong pattern of coincidence in recent years between the two.

It also gives at least a reasonable degree of credibility to those who argue that if recovery is to proceed at a more rapid pace it will only happen through expansionary policies. There is, however, no realistic prospect of these being tried.

Whether or not countries such as Germany are right to disbelieve the efficiency of stimulatory policies they have shown no sign of being willing to change their policies. Their position is that they hope they have done enough to secure growth of 4½ per cent in 1978, but that if they have not there is very little to be done.

In practice, there is no way in which it is possible for the other countries of the West to force the Germans to try to expand more than they feel is right; and there is only a little that can be done to force any action from the other major surplus country, Japan.

The Japanese have become the whipping boys of the world because of the extent to which they have been failing to meet the promises of growth which they have made to the rest of the world, and even more the degree to which their exports have continued to rise and their imports to fall even though they say that they are moving towards payment balance.

The \$10,000m surplus of Japan this year will probably be followed by a similar surplus in 1978 unless some definite action is taken.

The danger is that the only kind of action which can in practice be taken will be for the rest of the world to deal with the Japanese surplus by measures designed to reduce Japanese exports which do nothing to increase the output of the world as a whole. The financial markets have been doing this to some extent already, with their enforced decline in the value of the dollar.

What the fall in the dollar's parity means is that the international money markets believe that the United States cannot go on being the only primary source of expansion.

This view is rapidly gaining ground in some official circles as well, and although United States government officials continue to go on being the only primary source of expansion.

The decline of the dollar will do something to push the burden of supporting the world away from America and towards other countries. The

other force which is now gathering strength at quite terrifying speed is the drift to protectionism. Whether by pseudo-voluntary "agreements" between the United States and Japan, or whether by a unilateral imposition of protection, the Americans are likely to act very soon to slow down Japanese import penetration.

Yet the fact is that although the Japanese are the most obvious examples of a country which exports voraciously, they are not the only ones not to do so. For beneath Japan there are now a whole range of countries, many of them on the periphery of China, all of which have seized the opportunity provided by the ready transference of technology to build up their industries.

For those countries, the fact that the major source of capital has moved to the oil-producing countries' investments in the international capital markets, rather than the more domestically oriented generation of capital within the corporate sector of the industrialized world, has meant that expanding has become easier in recent years.

What the West is faced with is the need to change its industrial structure perhaps more rapidly than ever before to cope with the competition of a new force in industry; the policy it has actually pursued has been one of restriction and slow-down. It is no wonder that the forecast for next year looks bleak.

*Towards full employment and price stability published by the OECD, Paris.

TABLE 1
THE OECD'S JULY FORECAST . . .

Growth of real GNP (percentage change at annual rate)	From previous year			From previous half-year	
	1974	1975	1976	1977 (2nd half)	1978 (1st half)
United States	-2.1	-1.8	6.1	5½	5½
Japan	-1.8	2.4	6.3	5½	7
Germany	0.4	-3.2	5.6	4	3½
France(a)	3.9	0.1	5.2	3	3
United Kingdom(a)	0.1	-1.8	1.4	1	2½
Italy(a)	3.2	-3.5	5.6	2½	2
Canada	2.8	1.1	4.9	3	4½
All above countries	-0.6	-1.1	5.6	4½	4½
Other OECD countries	2.7	-0.5	2.9	2½	—
Total OECD	-0.1	-1.0	5.2	4	4

(a) GDP

TABLE 2
... AND THE NEW OECD ESTIMATES*

	1977 (2nd half)	1978 (1st half)	1978 (2nd half)
United States	4	4½	5½
Germany	3	3½	2½
United Kingdom	3½	3	2½
Europe	2½	3	2½-2½
Total OECD	3½	4	3

* Subject to revision before inclusion in OECD Economic Outlook

Business Diary: Present tense • Honkers and Shankers

The taxman has stopped John Wilhelmy from making what for more than 200 budding tycoons would have been the Christmas present of their lives. Wilhelmy, Business Diary readers may remember, had planned to give away his profitable shopping business in Peterborough because, he said, he was fed up spending one day a week on government red tape.

The six people on the shortlist for receiving the firm—which employs 12, no debts, a full order book and a possible turnover this year of £200,000—have been told there's no give-away after all.

Wilhelmy has been told after months of argument with the Inland Revenue that even if he gives away the business he would have to pay £30,000 in gifts.

He has decided instead to hire somebody to do the paperwork for him—something he could have done months ago without raising the hopes of the 200 applicants only to dash them. But then there wouldn't have been all the lovely publicity, would there?

That inscrutable oriental institution, the Hongkong and Shanghai Banking Corporation, opened a new branch in London's Chinatown yesterday. The celebrations, in Gerrard Street, Soho, were marked by a lion dance, the traditional accompaniment to Chinese celebrations.

The "lion", which consisted of members of a Kung-Fu association, was energetic, but exceedingly polite: as the lion was cut by Mrs. D. C. Bray, wife of the Hongkong Government commissioner in London, it moved elaborately, and then



A lion in Soho: members of the Pak Mei Kung Fu Association whose lion dance opened a new branch of the Hongkong and Shanghai Bank in London yesterday.

posed for an admiring public atop a prosaic Metropolitan Police "No Waiting" code.

The branch is close to another Chinese bank, the Dao Heng, but Peter Hutson, resident executive director of the Honkers and Shankers in London, says that they found the Full Mall premises too small to accommodate the growth in Chinese business, and since Gerrard Street is the heart of London's Chinese—and restaurant—trade where much Chinese money is made, this was the place to open a further central London office.

The new branch expects to handle a lot of remittance trade, as the local Chinese queue up on payday to send their profits home.

As ministers and the Opposition yesterday wrangled over the terms of that Polish ship-building deal, there is news to

day of further British munificence towards shipbuilders in South Korea.

The Export Credits Guarantee Department is to back a \$9.7m loan by Lloyds Bank to international finance contracts placed by Hyundai, South Korea's rapidly growing shipbuilding colossus, with United Kingdom suppliers for goods and services involved in the establishment of a marine diesel engine building plant at Ulsan.

The new engine plant is aimed to open in 1980, when world overcapacity in shipbuilding will be at its worst. The Koreans will be helped thereby to make mincemeat out of engine builders as they have been doing of shipbuilders.

Professor Martin O'Donoghue, the brains behind the election-winning manifesto of the new Irish Fianna Fail Government, lately an economics pro-

fessor at Trinity College, Dublin, and now MP and Minister of Economic Planning and Development, appears relaxed and confident after six months in the job.

However, he has still to win over the many sceptics who believe his department doomed to failure. The new ministry is commonly compared to our own short-lived Department of Economic Affairs set up under Lord George-Brown in the sixties.

O'Donoghue's main task is to produce a plan for the economy aimed at transferring Pádraig's election promises into reality. Drawing up plans is, of course, easier than making them work.

One weakness of the new department is that the power of control over budget still rests with the Ministry of Finance. Worse, the ministry

has held on to all its best staff and many of those who have joined the new department make little secret of their primary allegiance to Finance.

Insiders ask whether O'Donoghue was right to choose Dr. Noel Whelan to run the department. Whelan is not a Minister of Finance man and is noted for ideas than for action. O'Donoghue may have misjudged the blocking power of the bureaucracy when appointing him.

The old banking slogan "our roots are in our branches" has a special meaning for Robin Herbert, who as the end of next year is to become chairman of Leopold Joseph Holdings.

Herbert, who is 43, is an amateur dendrologist—he likes trees and shrubs—and was recently reappointed deputy chairman of the Countryside Commission.

The chairmanship will allow him to continue as a director of the National Westminster.

He is a member of the group which includes Louis Heymann and Prince Rupert Loewenstein and which acquired control of Joseph's merchant banking subsidiary in the early sixties.

Herbert will take over from Sir Hugh Weeks, 40 years his senior. Sir Hugh, who has been winding down a lone City career for some time, tells Business Diary that he hopes to write about "the lessons one has learnt".

The taste for the Gothic appears in many popular genre-novels today is spreading to the people who sell them. A notice in one London record shop, we note, says: "Shoplifters will be chastised".

THE CITY OF LONDON BUILDING SOCIETY

One Hundred and Fifteenth Annual General Meeting

held on Monday 12th December 1977

The Chairman of the Board, Mr. I.G. Kennington summarised the main features of the results of the year's activities as under:

INTAKE OF SHARE AND DEPOSIT CAPITAL

£21,417,027 was received and £12,872,287 was repaid leaving £8,544,740 as the surplus.

PROFIT

This was £237,499 after Corporation Tax.

ADVANCES

£12,019,733 were advanced compared with £11,464,486 in 1976. The number of mortgages was 1,070 compared with 1,101 in 1976.

LIQUID ASSETS

Amount to £16,086,411 representing 26.5% of assets.

£9,500,000 is available now or within 7 days.

RESERVES

Stand at 4.06% of net assets.

ASSETS

£60,602,518 (£51,489,031 in 1976).

The Report and Accounts were adopted.

THE CITY OF LONDON BUILDING SOCIETY

34 London Wall, London EC2Y 5JD. Tel Nos: 01-606 2525/6/7 and 01-588 0114 (5 lines)
Norwich House, Theatre Street, Norwich NR2 1RQ. Tel. No. Norwich 25833/4
33/35 Queen Square, Bristol BS1 4LU. Tel. Bristol 290981
Authorised investment for Trustees. Member of the Building Societies Association.

FINANCIAL NEWS AND MARKET REPORTS

Stock markets

Good gains for gilts, but equities drift

Gilt-edged stocks continued to dominate proceedings in the belief that a cut in interest rates is not far away and without the restraint of a long "tap".

Widespread talk of another healthy trade surplus this week was an additional incentive for early buyers which put long-dated gilts more than a full point higher in the first two hours of trading.

From 124p to 403p this year is the impressive climb of *Pork Farms*. One reason, but only one, is the family eventually selling, possibly to Unilever. Another is the impression that in the year to March 31 next, the group will make as much as £3m and possibly more. Last year profits were £1.9m. The group is a close company, and there could be a scrip issue or income producing preference issue to replace, say, a 28p net dividend against 8.4p last time.

But from then on the sentiment deteriorated as the Scottish miners threatened industrial action if their colleagues in other areas pursued local productivity deals and local sales figures for last month revealed some stagnation in consumer spending.

By the close most of the longer maturities were well

below their best with gains of around three-quarters while short dates were unchanged to one quarter lower.

Equities once again suffered from a lack of direction at the start of the long Christmas account. Hopes that Glaxo's annual meeting would reverse the recent trading gloom from other major industrial companies were barely met by a cautious statement and the FT index, two points up at midday, closed 1.4 lower at 484.5. After early strength Glaxo

Latest results

Company	Sales	Profits	Earnings	Div	Pay	Year's
int or fin	£m	£m	per share	pence	date	total
Ass. Brit. Eng. (I)	1.4(11.2)	0.06(0.004)	0.4(1.2)	—	24/1	—
Caffrey (I)	17.4(14.2)	0.7(0.75)	13.4(9.7)	1.75(1.55)	18/6	2.6(2.35)
Carr's Milling (F)	22.1(16.0)	1.1(0.88)	15.23(11.73)	5.6(4.8)	—	8.5(7.3)
James Cress (F)	17.8(12.3)	0.13(0.17)	3.29(4.18)	2.0(1.89)	—	2.0(1.89)
Deason (F)	3.1(2.5)	0.03(0.13)	1.4(2.5)	—	—	—
Greaves (F)	5.9(4.4)	0.38(0.34)	—	0.37(0.37)	—	—
James Grant (I)	—	0.03(0.05)	—	—	—	—
Hidong Est B (F)	13.9(11.8)	4.8(2.0)	14.9(12.1)	3.66(2.2)	22/2	5.4(4.2)
Kish Dist (F)	58.4(47.7)	2.1(1.6)	14.75(6.40)	—	—	—
Mann Egeston (I)	71.8(56.6)	0.90(2.4)	12.35(5.58)	—	6/2	—
May & Hassell (I)	25.8(23.0)	0.07(0.02)	—	—	16/2	6.6(4.2)
Hardin News (F)	64.9(56.3)	0.24(0.01)	8.2(0.67)	—	—	—
NMC Inv (I)	—	0.13(0.07)	—	—	—	—
Oceanic Bldgs (F)	0.93(0.18)	0.13(0.07)	—	—	—	—
Over Rix (I)	25.6(25.9)	0.90(0.86)	18.3(23.5)	5(5)	—	12.5(12.5)
Rowlinson (I)	6.5(5.3)	2.3(2.0)	—	—	—	—
Steel & Brunt (F)	—	1.2(1.0)	—	—	—	—
J. Waddington (I)	23.1(18.7)	—	—	—	—	—
Ward & Gold (I)	29.2(23.3)	—	—	—	—	—

Lucas delay on £137m investment

By Clifford Webb

The recent two-week strike by tool makers cost the Lucas group £11m in profits and, as a result, the board has to delay a £137m capital investment programme originally planned for 1978.

Announcing this at the annual meeting in Birmingham yesterday, Mr Bernard Scott, chairman, said the strike for the restoration of wage differentials had been a severe blow. But he was hopeful that the damage might be recovered over the year overall. This was dependent on many factors and meanwhile the investment programme would have to be delayed. He stressed that this did not mean that expansion and modernization projects had been abandoned.

Among the projects which will be pushed through is the drive to increase Lucas sales in America. A new \$1.5m headquarters has just been opened in Detroit and a new CAV diesel injection factory is being built in South Carolina to meet the boom in diesel-engined transport.

Referring to big contracts now being negotiated in Detroit, he believed the world's richest market was ripe for development by the British group.

He pointed out that Lucas sales in America were still only one-fifth of their European sales.

Mr Scott told Business News later: "I cannot say what the loss in turnover was as a result of the strike but it was many times the £11m drop in projected profits for the first half of this year (August, 1977, to July, 1978). Wherever possible we shall ensure that investment plans related to customer contracts are maintained. This could mean that we shall have to delay such things as the replacement of old plant by new."

He said he hoped for new American business included automotive electronics as well as diesel injection and aerospace equipment.

New outlets springboard for Martin's 36pc climb

By Ray Maughan

The current firm growth in the new outlets and tobacco markets, illustrated last week by NSS Newagents, is reflected by a 36 per cent pre-tax profit improvement at Martin's in the year to October 2.

Profits hit £29.2m which implies growth of 38.4 per cent on an annualized basis on a sales increase of 15 per cent to £64.96m (17 per cent annualized). Like NSS, Martin's drive has been fuelled by the opening of new stores during the year where the net branch total expanded by 29 to 438 outlets by early October.

This year, the board has earmarked at least £2.5m on expansion—partly financed by the £1.25m rights issue in June—which will be mostly used for the purchase of established stores. The balance, the directors explain, will be used on fitting-out some 10 new sites and the redevelping of six existing branches. From its predominant exposure in the South-East, the group clearly has plenty of scope for geographical expansion for some time to come.

Martin is confident of further profits growth in 1977-78 but total sales in the nine weeks to December 4 last, while increasing by 16 per cent, have been hampered by disruption of supplies through industrial action. Profits, too, have been affected.

The shares dropped 4p to 226p yesterday where the p/e on stated earnings is an under-estimated 5.4. As the group's dividend is hoisted by 51 per cent to 10p per share.

Meanwhile, Mr B. H. S. Martin, chairman, is to hand over to Mr J. B. Martin at the end of March to become life president while remaining a director.

The Australian election result gave a lift to uranium issues with Pan Continental £1.50 up at £8.75 and Peko Waddell 28p ahead at 448p.

Equity turnover on December 9 was £84.04m (13.423 bargains). Active stocks yesterday, according to Exchange Telegraph, were ICI, Rank, BP, Bescan, Glaxo, Burnham, Shell, Commercial Union, Zetters, John Waddington, Matthews Hall, Pan Continental and Brown Boveri.

Waddington's share price reels on forecast

By Alison Mitchell

A gloomy forecast from Manopoly-to-margarine tub manufacturer John Waddington sent the share price reeling in the London stock market yesterday. News that second-half profits are likely to do little more than mark time knocked 22p off shares at one point leaving them only slightly better at the close, down 20p to 232p.

Despite a downturn in the Christmas orders for games and puzzles, Waddington managed a 15 per cent profit rise to £2.3m in the 28 weeks to October 16. Sales at the Leeds-based group rose by almost a quarter in the period from £18.7m to £23m.

However, the group has allowed for a £52,000 depreciation on buildings against nil previously.

The Joker in the pack this time round has been the games division. Demand from shopkeepers has been slow following last year when they over-ordered in expectation of a bumper Christmas season and found themselves left with substantial stocks.

Since these orders leave the Waddington factories between

Fall in timber price hits May & Hassell

By Michael Clark

A slump coupled with a fall in timber prices following Scandinavian devaluations has bitten hard at May & Hassell, importer, distributor and maker of timber and allied products, with group pre-tax profits for the half-year to September 30 plummeting from £2.4m to £904,000.

Turnover of the Bristol-based group however rose by 11.3 per cent to £23m, but margins collapsed from 10.65 to 3.53 per cent. Meanwhile it pays an interim dividend of 1.42p gross against 1.27p.

Last week Hallam Group of Nottingham, an associate company in which May & Hassell has a 50 per cent stake, reported improvement in pre-tax losses from £2m to £730,000. Hallam has sold its cabinet factory with May & Hassell's share of the surplus amounting to £148,000 after tax. This sale greatly helped towards restricting losses during the first half and these will be further reduced in the second half.

At present sterling is strong while most exporters' currencies are weak, says Mr John Atley, chairman, who points out that large quantities are universally held while demand is still depressed.

Back in July, Mr Atley advised the group was under-committed to forward purchases. Recently part of that buying power has been used to advantage in improving trading margins, although compared with last year the group remains underbought. A small stock write-down may be appropriate at March, 1978, he adds.

But the prescription of "watchful caution" in Mr Atley's annual statement and his hope for reasonable profit for the year ending next March remain.

The market remained unperturbed yesterday as the shares fell 4p to 67p.

Earnings nearly halved at slump-hit Veba

Down with a bump in the first nine months of this year went Veba, the West German coal mining and electricity combine wherein the Government has a 43.7 per cent holding, and which claims to have more shareholders than any other single European corporation.

Sales held steady at DM20.12 billion but net profits dived from DM15.2m to DM8.8m. Electricity sales rose 1.7 per cent but turnover in oil products slipped because the economy was weak.

Sales and earnings in organic chemicals continued to suffer in the third quarter.

The world surplus of plastics and fibres affected sales and earnings, but in the longer term, capacity was in general satisfactorily employed.

Moscow bank loan

A loan agreement has been signed for a multicurrency medium-term credit facility for International Investment Bank, Moscow. The seven-year loan carries an interest rate margin of 1 per cent over inter-bank rates and the proceeds are to be used in the further development of the Orenburg gas pipeline and for other projects. The pipeline runs from Orenburg to the Western border of the USSR and will have a total length of 2,750km. The loan was led by Citibank, with Mascham Limited, Bank of Montreal, Compagnie Financiere de la Deutsche Bank and Manufacturers Hanover Limited with Bank fuer Gemeinwirtschaft, The Bank of Tokyo Limited, Canadian Imperial Bank of Commerce, DG Bank, IBJ International, Midland National Bank of Hungary, National Westminster Bank, The Nippon Credit Bank and The Royal Bank of Canada as members.

MAM spins 23pc upturn

Management Agency & Music, which handles singers such as Tom Jones, Engelbert Humperdinck and Gilbert O'Sullivan, turned in a 23 per cent profit rise for the year to July 31 last.

In the period turnover rose from £11.8m to £14m taking profits to £2.3m from a previous £1.9m to £2.3m.

Apart from its recording artists MAM is also in record production, music publishing and juke boxes and amusement machines. For shareholders in the group there is a stepped up dividend of 5.5p, making a maximum permitted total for the year of 8.5p.

LEIGS FLOAT STOCK

Morgan Grenfell arranging offer for sale of £12m City of Leicester Floating Rate stock 1982. Stock and all other listed local authority floating rate stocks, will, as from December 14, be investments within Part II of First Schedule to Trustee Investments Act 1961.

SOUTH KOREA'S 3.7m

Export Credits Guarantee Department has guaranteed \$9.7m loan which Lloyds Bank International has made available in London. South Korea's Heavy Industries of S. Korea Loan will help finance contracts awarded by Hyundai for United Kingdom capital goods.

THE TIMES AWARDS 1977
COULD SET YOUR COMPANY APART.

The Times Awards for the best achievement of a company's results enters its fourth year. Your entry could bring you the honours.

Telephone: Tony Tollyworthy 01-837 1234 Ext. 7696.

THE LIST OF APPLICATIONS WILL BE OPENED AT 10 a.m. ON THURSDAY, 15TH DECEMBER 1977 AND WILL BE CLOSED AT ANY TIME THEREAFTER ON THAT DAY

8 1/2 per cent EXCHEQUER STOCK, 1981
ISSUE OF £900,000,000 AT 97.65 PER CENT

PAYABLE IN FULL ON APPLICATION
(namely £96.75 for every £100 of the Stock applied for)

INTEREST PAYABLE HALF-YEARLY ON 12TH JUNE AND 12TH DECEMBER

This Stock is an investment falling within Part II of the First Schedule to the Finance Investments Act 1953. Application for the Stock is made to the Council of the Stock Exchange for the Stock to be admitted to the Official List.

THE GOVERNOR AND COMPANY OF THE BANK OF ENGLAND are authorised to receive applications for the £900,000,000 Stock and to issue the Stock in accordance with the Commission for the Reduction of the National Debt for public funds, under the Finance Act 1953.

The interest on the Stock will be a charge on the National Loans Fund, with recourse to the Consolidated Fund of the United Kingdom.

The Stock will be repaid at par on 12th June 1981.

The Stock will be registered at the Bank of England or at the Bank of Ireland, Belfast, and will be transferable, in multiples of one new £100 Stock, by delivery of the Stock certificate to the Bank of England or the Bank of Ireland, Belfast, as the case may be, and by the payment of the sum of £100 to the Bank of England or the Bank of Ireland, Belfast, as the case may be, and by the payment of the sum of £100 to the Bank of England or the Bank of Ireland, Belfast, as the case may be.

Applications, which must be accompanied by payment in full, namely £96.75 for every £100 of the nominal amount applied for, may be made to the Bank of England, New Street, London, EC4M 3AA. A separate cheque must accompany each application. Applications for amounts between £2,000 and £500,000 must be in multiples of £500; applications for more than £500,000 must be in multiples of £500; applications for more than £500,000 must be in multiples of £500.

Letters of allotment in respect of Stock allotted will be despatched by post at the risk of the applicant. No allotment will be made of the amount sold on application to the extent of partial allotment. The balance of the amount sold on application will be refunded by cheque despatched by post. If the amount sold on application is not allotted, the amount will be returned to the applicant. Letters of allotment may be sent by post to the applicant's address, but must be received not later than 24th January 1978.

A completion at the rate of 5.10p per £100 of the Stock will be sold to holders of stock certificates on 12th June 1981. Applications for the Stock should be made to the Bank of England, New Street, London, EC4M 3AA, or to the Bank of Ireland, 100, Queen's Quay, Dublin, or to any of its branches in the United Kingdom.

Application forms and copies of this prospectus may be obtained at the Bank of England, New Street, London, EC4M 3AA, or at the Bank of Ireland, 100, Queen's Quay, Dublin, or at any of its branches in the United Kingdom.

THIS FORM MAY BE USED

For use by Banker or Stockbroker claiming commission—

VAT Regn. No. (If not registered put "NONE")

(Stamp)

THE LIST OF APPLICATIONS WILL BE OPENED AT 10 a.m. ON THURSDAY, 15TH DECEMBER 1977 AND WILL BE CLOSED AT ANY TIME THEREAFTER ON THAT DAY

8 1/2 per cent EXCHEQUER STOCK, 1981
ISSUE OF £900,000,000 AT 97.65 PER CENT

TO THE GOVERNOR AND COMPANY OF THE BANK OF ENGLAND

The applicant named below requests you to allot to him her in accordance with the terms of the prospectus dated 9th December 1977.

with the terms of the prospectus dated 9th December 1977.

of the above-named stock the applicant requests that any letter of allotment in respect of the Stock allotted be sent to him her at his/her stock.

The sum of the £100.00 for every £100 of the Stock applied for, is enclosed.

I/We declare that the applicant is not resident outside the Scheduled Territories and that the security is not being applied for by the applicant as the nominee of any persons resident outside those Territories.

December 1977

SIGNATURE, of or on behalf of applicant.

PLEASE USE BLOCK LETTERS.

SURNAME OF APPLICANT
MR MRS/MISS OR TITLE

FIRST NAME(S) IN FULL

ADDRESS IN FULL

(a) Applications for amounts up to £2,000 Stock must be in multiples of £100; applications for amounts between £2,000 and £500,000 must be in multiples of £500; applications for more than £500,000 must be in multiples of £500. Applications should be made to the Bank of England, New Street, London, EC4M 3AA.

(b) A separate cheque must accompany each application. Cheques should be made payable to "Bank of England" and crossed "Exchequer Stock".

(c) If this declaration cannot be made it should be deleted and reference should be made to the prospectus. The signature of the applicant should be verified by an Approved Agent, through whom allotment should be effected. Authorised Dealers, stockbrokers and solicitors practising in the United Kingdom, the Channel Islands or the Isle of Man, are deemed to be Approved Agents if they are admitted to the Bank of England's Register of Approved Agents.

(d) The Scheduled Territories at present comprise the United Kingdom, the Channel Islands, the Isle of Man, the Republic of Ireland and Gibraltar.

Firth forlorn and friendless

Bad news for Bankers Trust International, and The Throgmorton Trust who each hold more than 5 per cent of the shares in Oilfield Fertilisers, the shares fell 6p to 34p yesterday. This is a new 1977 low, and is some distance from the 56p high of some months ago. It was obvious from the September annual report that this steel slump was hurting this steel stockist and merchant.

But what took the market back was the swing from £155,000 of profits into pre-tax losses of £28,000 in the six months to September 30, and worse, the passing of the time honoured interim dividend of 2p a share net, or just over 3p gross.

The usual 2p net final is clearly in danger.

Share stakes—Newman chief now has more

Latest news from the Share Stakes world is that Newman Industries chairman Mr A. F. Bardett has increased his beneficial interest by 3,600 shares, and his non-beneficial stake by 197,883 shares follow-

Rowlinson steady at the interim

In spite of the reduction of available work, Rowlinson Construction managed to increase its turnover but was unable to maintain the profit levels of previous years. In the event, pre-tax profits for the six months to September 30 rose from £603,000 to £604,000.

Meanwhile, the group is already receiving an increased number of tender inquiries from the Bristol and West Midlands regions where it recently opened offices.

Half-time upturn at Rothschild Inv

Net revenue at Rothschild Investment Trust has climbed back to the 1974 interim level

Ward & Goldstone warning on phase III

Ward & Goldstone, manufacturers of insulated cable, continue to show improvement in the first half of the current year, with profits up from £1.0m to £1.4m despite a fall in the value of non-ferrous metal sales. Last year the group topped £4m before tax for the first time at £4.14m.

But there is a warning on the widespread industrial trouble over phase three of the counter-inflation policy which is affecting the group.

Sales in the half rose from £22.4m to £29.3m, and the interim dividend is 1.3p gross on the capital as increased by a one-for-three scrip issue.

Profits 50% up, dividend covered 11 times, bonus 1 for 9 shares.

As the Annual General Meeting held on December 12, the Chairman Mr. Eric Sarnow reported on the year ended June 30, 1977.

PROFITS
£4,246,000 profits—an increase of £1,417,000 (or 50%). Group turnover up to £165,457,000 on which margins were maintained in spite of economic difficulties in many parts of the world. Current taxation £1,434,000—deferred taxation accumulated now £1,600,000.

DIVIDEND
Total of 832p which is maximum permitted. Covered eleven times. Further capitalisation. Issue of 1 for 9 ordinary shares. If Government removes restrictions, we would be able to remove substantial increase.

FUTURE
"Since the end of the year, turnover and earnings in all areas of our activities continue at a very satisfactory level, judging by the management returns I can foresee further progress for the current half-year and hope that we shall continue to trade successfully and achieve still higher records."

Copies of the Report from the Company Secretary, United City Merchants Limited, UCM House, 3/5 Seelands Place, Princes Street, London W1A 1BB.

Profits 50% up, dividend covered 11 times, bonus 1 for 9 shares.

As the Annual General Meeting held on December 12, the Chairman Mr. Eric Sarnow reported on the year ended June 30, 1977.

PROFITS
£4,246,000 profits—an increase of £1,417,000 (or 50%). Group turnover up to £165,457,000 on which margins were maintained in spite of economic difficulties in many parts of the world. Current taxation £1,434,000—deferred taxation accumulated now £1,600,000.

DIVIDEND
Total of 832p which is maximum permitted. Covered eleven times. Further capitalisation. Issue of 1 for 9 ordinary shares. If Government removes restrictions, we would be able to remove substantial increase.

FUTURE
"Since the end of the year, turnover and earnings in all areas of our activities continue at a very satisfactory level, judging by the management returns I can foresee further progress for the current half-year and hope that we shall continue to trade successfully and achieve still higher records."

Copies of the Report from the Company Secretary, United City Merchants Limited, UCM House, 3/5 Seelands Place, Princes Street, London W1A 1BB.

Rowlinson
Profit maintained
Interim dividend
Bonus scrip issue
New industrial
Rowlinson Cons
London House, London Road

